STATEMENT OF ACCOUNTS 2017/18

Forest of Dean
DISTRICT COUNCIL

CONTENTS

Page(s)

NARRATIVE REPORT

INTRODUCTION TO FOREST OF DEAN DISTRICT COUNCIL

The Forest of Dean district has a population of 85,411 (2016 ONS Mid-Year estimate) living in an area covering 526 square kilometres. Over 100 square kilometres of this is woodland managed by the Forestry Commission. The district has four main towns and many smaller, rural settlements where the majority (approximately 58%) of the population live. For residents the "specialness" of the area is important arising from its cultural identity and natural environment.

Political Structure in the 2017/18 Municipal year

The council has 48 elected members representing 27 wards within the Forest of Dean. There are also 41 parish councils. Elections are held every four years, with the latest elections held in May 2015. There is no overall political control. Additional elections may arise from time to time if a councillor or parish councillor resigns from office. The political make-up of the council in the 2017/18 municipal year was:

Conservative party	20 councillors
Labour Party	9 councillors
United Kingdom Independence Party (UKIP)	5 councillors
Forest First	4 councillors
Independent	3 councillors
Independent Non Aligned	3 councillors
Green	2 councillors
Conservative no group	1 councillor
Independent no group	1 councillor
Total	**48 councillors**

The council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution.

The council is responsible for setting the budget and policy framework within which decisions are made. When major decisions are to be discussed or made, these are published in the cabinet's Forward Plan in so far as they can be anticipated. If these decisions are to be discussed with council officers at a meeting of the cabinet, this will generally be open for the public to attend, except where personal or confidential matters are being discussed.

The Cabinet for 2017/18 was made up as follows:

Cabinet Member	**Portfolio**
Tim Gwilliam (Forest First)	Leader and Cabinet Member for Policy and Strategy, Leisure and Tourism, the Arts, Schools Support, Children and Young People.
Roger James (Forest First)	Deputy Leader and Cabinet Member for Finance, Governance, Performance and Shared Working.
Chris McFarling (Green)	Cabinet Member for Environment, Wildlife, Heritage and Culture.
Julia Gooch (Independent Non-Aligned)	Cabinet Member for Town Centres, Business Support and Jobs.
Paul Hiett (Forest First)	Cabinet Member for Communities & Parish and Town Councils and Community Safety.
Richard Leppington (UKIP)	Cabinet Member for Development, Asset Management, Infrastructure and Housing.
Alan Grant (UKIP)	Cabinet Member for Planning Policy and Health and Wellbeing.

The Chairman and Deputy Chairman for the council for 2017/18 were:

Chairman	Councillor Jane Horne
Deputy Chairman	Councillor Graham Morgan

Full details of all the council's committees, including chairs and membership can be found on the council's website on www.fdean.gov.uk.

Management Structure

On 1st November 2017 the Council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the Council. 10 key statutory and other officers remain employed by the council at 31st March 2018.

The council's Corporate Leadership Team supports the work of the councillors, and is led by the Head of Paid Service, Mr Peter Williams. The statutory role of Section 151 officer is held by Mr Paul Jones and the statutory role of monitoring officer is held by Mrs Claire Hughes.

Bankers

The council's banking services are provided by Lloyds Bank, 130 High Street, Cheltenham, GL50 IEW.

External Auditor

The appointed external auditor in 2017/18 was Grant Thornton UK LLP, 2 Glass Wharf, Temple Quay, Bristol, BS2 0EL.

COUNCIL VISION AND PRIORITIES

The council's vision is for the Forest of Dean District to be a great place to live, work and stay. Our Corporate Priorities and Objectives for the district are to achieve:

- Strong communities
- Thriving economy
- Enhanced environment
- Value for money

PERFORMANCE MANAGEMENT

Performance management is a critical element of the council's management processes. The council is committed to a joined up approach to performance management that involves members, council and Publica employees working together to ensure that the council continues to deliver on the issues that matter most to local people and on improving the quality of services at all levels. Our performance management system helps the council to identify what does and does not work and the factors that support or hinder economic, efficient and effective service delivery.

Overall the council performed well during 2017/18. We continue to get recognition for our good performance, sound financial management and value for money. The council's Annual Report for 2017/18 should be read in conjunction with the Statement of Accounts 2017/18 to obtain a balanced view of the council's work and finances.The council's non-financial and financial performance is regularly monitored and reported to Cabinet and Scrutiny committees on a quarterly basis. The range of indicators measured and reported includes waste collection, planning appeals, customer service, leisure performance, housing benefit claims and performance and customer complaints. Details of these reports for 2017/18 can be found on the council's website. Performance of the council is expected to be enhanced over the coming years due to the transfer of staff and the sharing of services with Publica Group (Support) Ltd. See developments in service delivery below.

DEVELOPMENTS IN SERVICE DELIVERY

The council is a multifunctional organisation, which works closely with other parts of the public service and the voluntary and community sector, making objective, transparent, evidence-based decisions about how services should be provided and by whom.

Publica Group (Support) Limited

The council has entered several shared service and partnership arrangements with other organisations, to ensure the delivery of quality services in an efficient, cost-effective manner, including Publica Group (Support) Limited in 2017/18; providing front line services shared with Cotswold District Council and West Oxfordshire District Council, The council's Information, Communications and Technology (ICT), Finance, Procurement and Human Resources support is also shared with Cheltenham Borough Council, in addition to the above councils, using a common platform 'Business World' Enterprise Resource Planning (ERP) system, enabling service resilience within the councils. Publica Group (Support) Limited is wholly owned by the four councils.

A key principle of the partnership is that each council has retained its own identity, with its own elected members and continues to make decisions taking account of the needs of its local community. Staff continue to work in each location. Some members of staff provide a service predominantly to one council; others provide a service for more than one council.

The Managing Director of Publica Group (Support) Limited is Mr David Neudegg. Each partner council has a Head of Paid Service who is responsible for the partner council services.

Publica Group (Support) Limited has commenced a transformation programme which seeks to streamline practices and the organisation to ensure the delivery of efficient and value for money services for the partner councils.

Ubico Limited

Ubico Limited was originally formed in 2012 and is wholly owned by its shareholders, Cheltenham Borough Council and Cotswold District Council. The company is responsible for delivering the shareholders' Environmental services within their respective council boundaries. The Forest of Dean District Council, Tewkesbury Borough Council and West Oxfordshire District Council joined the partnership on 1st April 2015. Stroud District Council and Gloucestershire County Council joined in 2016 and each of the seven authorities are now equal shareholders.

Affordable Housing Scheme Developments

During 2017/18 the Council delivered 100 new affordable homes. This reflects continued effective engagement with communities and developers. The delivery of these homes was spread throughout the district with a number of them in rural communities. Within the overall delivery were the development of rural exception sites in Churcham and St Briavels which saw preference given to people with a local connection to these areas in the allocation of these property types. These homes will help enable residents to remain in the village to where they have a connection and assist in helping that local community to flourish.

This represents the delivery of a wide range of property types including a number of bungalows developed to help meet the needs of the ageing population in the district.

Cinderford Northern Quarter Regeneration

The council continues to lead on the regeneration of Cinderford, working in partnership with Gloucestershire County Council (GCC), the Forestry Commission (FC), Gloucestershire College (GC) and Homes England (HE) (formerly Homes & Communities Agency) on this project, which will benefit the whole district. In 2006, this partnership approach led to the formation of the multi-agency Cinderford Regeneration Board which, together with the council, is working to deliver the Cinderford Area Action Plan (AAP) and the Town Centre Enhancement Study.

In March 2016, the HE acquired a 3 acre site off Newtown Road allocated for housing within the Cinderford AAP. During 2017/18 HE consultants completed the technical work needed to allow demolition and clearance and prepare a cleared site ready for new investment. Homes England is looking for this site to create the first 40 affordable new homes within the Cinderford Northern Quarter.

In December 2017, GCC completed construction of Phase 1 of the new spine road - Northern United Way. The new road provides access to GC’s new £15m further education college currently under construction and due to open its doors to students in September 2018.

In 2018, the council is leading design and funding application work to progress the next phase of road building and to open up plots allocated for employment and housing development. Annual monitoring of protected species (bats, newts, dormice) continues to assess how the ecological mitigation measures are working. This data is available from the Council’s website.

Lydney Coastal Community Team

The council continues to act as accountable body and key partner of the Lydney Coastal Community Team which was established in 2015.

In February, planning permission was secured to allow the creation of new visitor facilities and a pop-up cafe at the harbour. In March 2018, a bid to Rural Development Programme England was submitted seeking £151,000 towards the necessary building refurbishment work. A decision is expected in July and if successful, work will start in September.

In April 2018, a £1.9m expression of interest was submitted to the Coastal Communities Fund to improve access and public realm along the harbour corridor to the A48 roundabout. If successful, a full application will be invited in July which will need to be submitted in October. The Government will announce successful projects in December 2018.

In May 2018, a £3,000 grant application to GCC’s Growing Our Communities Fund was submitted to support a project to promote Lydney Heritage Walking Trails. New walks and information panels will be created to promote Severnside history and the natural environment to local residents and visitors.

Council’s Leisure Services

The management and operation of the council’s leisure centres have been contracted to Freedom Leisure since 2015/16, in order to secure leisure provision across the district. Freedom Leisure is a not for profit Trust that has an excellent track record of delivering first class leisure services and facilities across the UK. The council pays a fixed management fee to Freedom Leisure to deliver these services, the cost of which is included in the Comprehensive Income and Expenditure Statement.

CHALLENGES

Local Government Finance

The General Election in June 2017 returned a majority Conservative Government. As expected, work to reduce the national deficit continues with further proposals for Government policies and strategies aimed at reducing the national budget deficit.

The Local Government Finance Settlement for 2013/14 marked the introduction of the new local government resource regime with a significant change in the way local authorities are financed. Under the new regime, more than 60% of the Council's Government funding comes directly from Business Rates and, as a consequence, has the potential to vary either upwards or downwards during the year. This is a key strand of the Government policy to localise financing of local authorities and brings the potential for increased risks or increased rewards.

The principles of the settlement allow authorities to spend locally what is raised locally, whilst recognising the savings already made by local government. Most noticeably, there has been a shift away from freezing council tax to using council tax to generate additional funding. Reserves are noted as being one element of an efficiency plan through a voluntary drawdown of reserves as the price for greater certainty for future settlements.

The Government's policy of phasing out revenue support grant and in due course potentially allowing councils to benefit from a higher share of business rates creates a need for this Council to develop a long-term strategy which is significantly different from that followed in past years. The Council has a direct financial interest in economic and business growth in the District, and will have a larger stake in it under the Government's proposals for reforming business rates.

On 1st September 2017 the Department for Communities and Local Government (now known as the Ministry of Housing, Communities and Local Government) published an 'invitation to local authorities to pilot 100% business rates retention in 2018/19 and to pioneer new pooling and tier-split models. Extensive modelling work was undertaken by the 7 Council's within Gloucestershire, supported by an external consultant, which reviewed the risks and rewards and resulted in a bid being submitted to the Government.

The Government announced the successful pilots on 19th December 2017 alongside the provisional financial settlement. Gloucestershire's bid was successful, and indications announced at the time were that this was worth circa £9.2m to Gloucestershire as a whole. Under this pilot, 100% of growth is shared locally, with 30% going to the district, 50% to the County Council and 20% to the Strategic Economic Development Fund. It is anticipated that the share retained by this Council will be earmarked towards one-off economic growth initiatives specific to the Forest of Dean.

There are a number of local challenges facing the council including closing the funding gap, delivery of our regeneration aspirations and service improvement. However the council is innovative and has put in place extensive plans to ensure that we get the most out of our services at a reasonable cost.

INTRODUCTION TO THE FINANCIAL STATEMENTS

The purpose of this narrative report is to provide electors, local taxpayers, members of the council and other interested parties with an easy to understand guide to the most significant matters reported in the accounts. It provides an explanation in overall terms of the council's financial position and assists in the interpretation of the accounting statements. The statements should inform readers of the cost of services provided by the council in the year 2017/18 and the council's assets and liabilities at the year end.

The Accounts for the year ending 31st March 2018 have been prepared and published in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This incorporates International Financial Reporting Standards (IFRSs), so that the accounts are compliant with these standards. The following statements are included:

Statement of Responsibilities for the Statement of Accounts	Sets out the respective responsibilities of the council and the Section 151 Officer for the accounts.
Statement of Accounting Policies (note 1 to the notes to the accounts)	This explains the basis for recognition, measurement and disclosure of transactions and other events in the accounts. This includes changes in policy, the basis of charges to revenue and the calculation of items in the Balance Sheet.
Comprehensive Income and Expenditure Statement including the Expenditure and Funding Analysis	The Comprehensive Income and Expenditure Statement shows the cost in the year of providing services, in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis reconciles this to the amount chargeable to General Fund reserves in the year.
Balance Sheet	This summarises the overall financial position of the council at the end of the financial year, showing its assets, liabilities and reserves.
Movement in Reserves Statement	This details the movement during the year in the council's reserves, analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves.
Cash Flow Statement	This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Collection Fund	Reflects the statutory requirement to maintain a separate Collection Fund which shows the transactions in relation to non-domestic business rates and council tax, indicating how the amounts collected are distributed to the Government, Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and Forest of Dean District Council.
Annual Governance Statement	This sets out how the council is meeting its obligations and the improvements it intends to make to its systems of internal control and corporate governance arrangements.

These accounts are supported by notes to the accounts which include a glossary of terms to provide readers with further information.

THE COUNCIL'S FINANCIAL PERFORMANCE IN THE YEAR AND ITS POSITION AT THE YEAR END

General Fund Revenue Budget

During 2017/18 the council continued with the process of formal monitoring of budgets, reporting to cabinet on a quarterly basis. This has assisted in strengthening the sound management of the council's finances and provides a mechanism to ensure that any budgetary problems are identified and rectified as soon as possible during the year. This has resulted in council services being delivered within revised budget, with an overall saving compared to budget of £166k. This budget saving has been transferred to the Future Deficits Reserve and is included in the "transfers to/(from) earmarked reserves" line in the Revenue Outturn table below.

REVENUE OUTTURN 2017/18

	Original Budget 2017/18	Current Budget 2017/18	Outturn 2017/18	Variance 2017/18
DIRECTORATES	£	£	£	£
Community, Client and Commercial Group (note i below)	6,231,610	6,925,960	7,256,329	330,369
Planning, Housing and Regeneration Group (note ii below)	1,301,220	1,276,881	1,347,204	70,323
Strategic Services (note iii below)	3,333,330	3,776,820	3,880,838	104,018
NET EXPENDITURE ON SERVICES	**10,866,160**	**11,979,661**	**12,484,371**	**504,710**
Capital charges	(249,970)	(243,130)	(271,010)	(27,880)
Interest and investment (income) and expenditure	(136,710)	(176,550)	(282,536)	(105,986)
Transfers to / (from) earmarked reserves	65,500	(624,371)	(709,459)	(85,088)
NET EXPENDITURE TO BE FINANCED	**10,544,980**	**10,935,610**	**11,221,366**	**285,756**
FINANCED BY:				
Revenue Support Grant	(721,420)	(721,420)	(721,420)	-
New Homes Bonus	(1,923,770)	(1,923,770)	(1,929,555)	(5,785)
Section 31 National Non-Domestic Rates Grant	-	(979,948)	(1,004,551)	(24,603)
Other government grants	(100,500)	(100,500)	(108,602)	(8,102)
Share of Non-Domestic Rates	(2,897,040)	(2,189,132)	(2,436,397)	(247,265)
Council Tax Collection Fund Contribution	(185,700)	(185,700)	(185,700)	-
Council Tax	(4,716,550)	(4,716,550)	(4,716,552)	(2)
Total Funding	**(10,544,980)**	**(10,817,020)**	**(11,102,777)**	**(285,757)**
(Surplus) / Deficit transferred (to)/from General Fund Balance	**-**	**118,590**	**118,589**	**(1)**

(i) Includes Community development, Housing Benefits, Revenues (council tax and business rates collection), Property & Assets, Public Protection, Waste & Recycling Commissioning, Leisure Commissioning

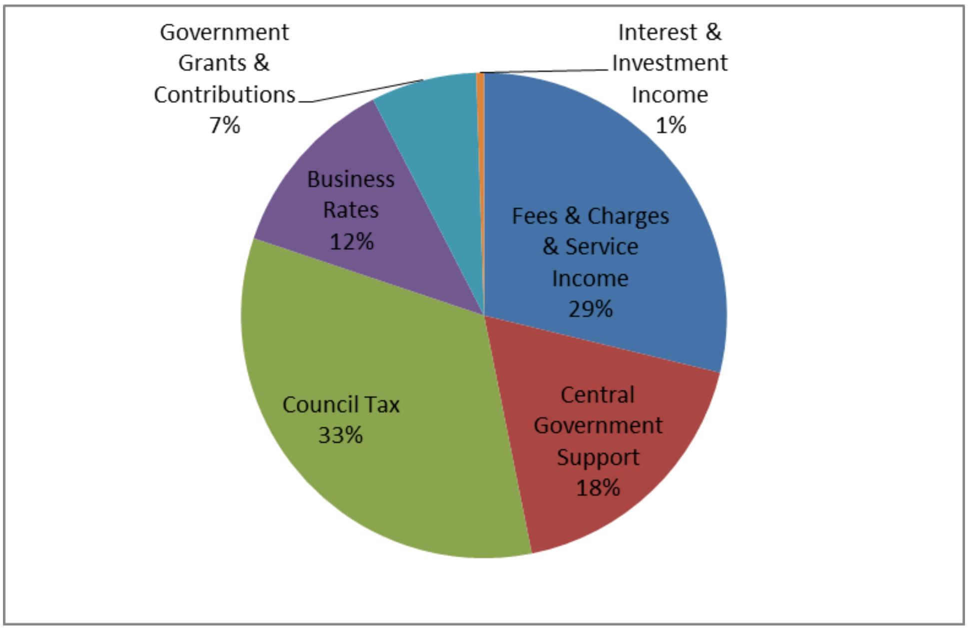
(ii) Includes Development Control, Planning, Housing enabling and enforcement, Car Parking

(iii) Includes Strategic Management, Service Strategy, Democratic Services, Elections

The transfer to the general fund balance is shown in the Movement in Reserves Statement on page 17. The Expenditure and Funding Analysis on page 49 links the increase in the general fund balance shown on the previous page, together with the increase in earmarked reserves, with the surplus shown in the Comprehensive Income and Expenditure Statement, showing the adjustments made to ensure the statement complies with generally accepted accounting practice.

Where the money came from

The following chart provides an analysis of our main sources of income this year. The Government provides income in the form of general and specific grants, and determines the amount of business rates we receive through pooling arrangements. Since the new local government resource regime announced as part of the 2013/14 Local Government Finance settlement, more emphasis is now put on raising income from business rates and council tax locally, as the amount of central government revenue support grant received is phased out.



How the money was spent

The council provides a wide range of services for the district both directly and indirectly through partnership working. The activities vary widely and include provision for the collection of refuse and recycling, provision for leisure services, car parking, cemeteries and environmental health and many other services. These are summarised at service level in the table below. Further details will be reported to Cabinet and Council as part of the Financial Outturn 2017/18 report on 5th and 12th July 2018 respectively and will be available to view on the council's website https://www.fdean.gov.uk .

Service	Net (Income) Expenditure £
Community and Commercial	5,007,583
Business Support Services	(160,852)
ICT & Customer Services	366,464
Legal, Land and Property	891,837
Public Protection	628,663
Business Transformation	522,634
Community, Client and Commercial Group	7,256,329
Planning & Regeneration	1,186,275
Housing	160,929
Planning, Housing and Regeneration Group	1,347,204
Corporate Services	2,739,772
Democratic & Elections	1,141,066
Strategic Services	3,880,838
Total Group Expenditure by Service	**12,484,371**

Capital Expenditure

In 2017/18 the council spent £1.078 million on capital projects, grants and loans, across the general fund capital programme. Key expenditure on capital schemes include:-

	£000
- ICT investment	263
- Cinderford Area Action Plan	66
- Sports Centre Refurbishment	190
- Disabled Facility Grants	412

The council plans to continue to fund capital from a range of sources including revenue reserves, developer contributions and capital receipts, and will make further use of prudential borrowing to support the council's major capital schemes where it is both prudent and affordable.

Treasury Management (Investments and borrowing)

Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and this council has adopted the Code and complies with its requirements, one of which is the receipt by the council of an Annual Review at the financial year end.
The council manages the cash flow arising from the provision of all council services, using the money market to invest daily cash surpluses and borrow to fund cash shortfalls.

The challenging economic climate continues to have an impact on the council's finances. The historically low Bank of England base rate continues to dampen the level of interest earned by the council's cash investments. The Bank of England increased the base rate in November 2017 back up to 0.50% from 0.25%.

During the year the council paid £12,697 in borrowing costs (which was £1,677 more than budgeted for the year); and earned £158,820 investment income (which was £58,820 more than budgeted). The majority of the increase was due to investment diversification into property funds which have a rate of return of 4.5%, this has enhanced the annual average rate of return. The overall impact was a saving to the General Fund of £57,143 compared to the revised budget.

Pension Liability

The council is required to account for retirement benefits when they are committed, even if the payment is many years in the future, in accordance with International Accounting Standard 19 (IAS 19). The pension liability or asset shown in the accounts represents the council's pension commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit (via reduced future employer contributions) from a surplus in the pension scheme.

The council's net liability according to the actuarial assessment at 31st March 2018 was £29,792,000, a decrease of £6,179,000 over the figure for 31st March 2017 of £35,971,000. This is principally due to an upfront cash payment in 2017/18 of £3,642,000, made into the pension fund in respect of discounted secondary pension fund contributions relating to 2018/19 and 2019/20 lump sum contributions. Full details of this transaction are provided in Pension note 35 on page 74.

The majority of staff transferred to a new company Publica Group (Support) Limited on 1st November 2017. Full details of the accounting treatment and impact on the council's pension liability are included in the Pensions note 35, page 73.

Reserves, Balances and Provisions

At the year-end usable reserves stood at £17.998 million, a reduction of £222k during the year. Of the usable reserves at the year-end, non-earmarked General Reserves or 'Balances' were £0.733 million.

At the year-end provisions (other than those held to cover possible bad or doubtful debts) were £217k, a decrease of £66k during the year due to the settlement of known staff redundancy and early retirement costs.

Changes in accounting policies and estimates

The council has reviewed its accounting policies during the year and revised them in accordance with the 2017/18 Code of Practice in Local Authority Accounting. The policies are detailed in note 1 to the accounts (pages 19 to 36) and the changes in accounting policies are detailed in note 2 on page 36.

Changes in statutory functions and impact of new legislation

Council Tax

SI 2017/13 - The Council Tax (Demand Notices) (England) (Amendment) Regulations 2017 came into force 10th February 2017. The Regulations amend the previous 2011 Regulations relating to demand notices so that additional information about expenditure on adult social care functions may be presented in or with the notices for the financial year beginning in 2016. The purpose of the amendments is to provide for additional information about expenditure on adult social care functions to continue to be presented in or with notices in the financial year beginning in 2017 and in subsequent financial years and to make amendments to the information which must be presented.

Property

The Non-Domestic Rating (Reliefs, Thresholds and Amendment) (England) Order 2017 (SI 2017/102) came into force in England on 3rd March 2017. Empty non-domestic properties with a rateable value below a certain threshold are exempt from business rates. The 2017 Order increases that threshold from £2,600 to £2,900, with effect from 1st April 2017.

Employment

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 came into force on 31 March 2017. The regulations impose a new duty on public authorities to publish gender pay gap information, including differences in bonus pay and between mean and median hourly rates of pay, and apply to public authorities in England with 150 employees or more. Gender pay gap information is to be published by 30th March 2018 and at annual intervals thereafter. Given the current number of staff employed directly by this council, this legislation may not apply, however will be monitored and reported if required.

The regulations introduce the gender pay gap reporting duty as part of the existing public sector equality duty (PSED) contained in section 149 of the Equality Act 2010, rather than creating a new standalone duty. Otherwise the regulations contain similar provisions to the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, which apply to the private and voluntary sectors and which came into force on 6th April 2017.

There is a further reporting duty, contained in regulation 4 of the regulations that obliges public authorities to publish information demonstrating compliance with their PSED. This information is to be published by 30th March 2018 and then every four years thereafter. Public authorities must publish one or more objectives that will work towards achieving any of the three core objectives of the PSED contained in section 149(1)(a)-(c) of the Equality Act 2010. The objectives must be specific and measurable (regulation 5), and published in a manner that is accessible to the public (regulation 6).

Neighbourhood Planning Act 2017

The Neighbourhood Planning Act 2017 came into force on 27th April 2017 and ensures that planning decision-makers take account of well-advanced neighbourhood development plans and gives these plans full legal effect at an earlier stage. It introduces a process for modifying neighbourhood development orders and plans that the Government intends to be more proportionate.

The legislation makes changes to how pre-commencement conditions can be used and gives the Secretary of State power to make regulations prescribing their use in certain circumstances. Local authorities will be required to record specified prior approvals for permitted development rights on the planning register. The Act also makes further changes to the law on compulsory purchase, following reforms introduced by the Housing and Planning Act 2016. It clarifies the statutory framework for compensation, which does not affect the fundamental principles on which it is assessed. The Act also makes further technical changes, such as introducing a general power to obtain temporary possession of land and a requirement to bring compulsory purchase orders into operation within a set period of time.

Homelessness Reduction Act 2017

The Homelessness Reduction Act 2017 sets out new duties on English local authorities with the aim of preventing homelessness. These include the duty to provide advisory services, the duty to assess all eligible applicants' cases and agree a plan, duties in cases of threatened homelessness, duties owed to those who are homeless and duties to help to secure accommodation.

General Data Protection Regulation (GDPR)

This Act will apply from 25th May 2018. To ensure they will be compliance, significant changes are being made to our procedures, policies and IT systems. A legal basis must be established for processing data. All notices must be reviewed to give information to data subjects about their data processing activities and to ensure that detailed requirements of the GDPR are reflected. A Data Protection Officer must be appointed to advise on GDPR and monitor compliance.

FURTHER INFORMATION

Further information about the accounts is available from Publica, Business Support Services, Forest of Dean District Council, High Street, Coleford. This is part of the council's policy of providing full information about the council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts during a 'period for the exercise of public rights' before the audit is completed. The accounts are available for inspection by appointment between 1st June 2018 and 12th July 2018 at the Council Offices, and local government electors for the area may exercise their rights to question the auditor about or make objections to the accounts for the year ended 31st March 2018, in writing, during this period.

Paul Jones FCPFA,
Chief Finance Officer

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Chief Finance Officer, who also undertakes the role of the Section 151 Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES*:*

The Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

CERTIFICATE OF SECTION 151 OFFICER

I certify that the Statement of Accounts on pages 15 to 18 gives a true and fair view of the financial position of the council at the accounting date and its income and expenditure for the year ended 31st March 2018.

PAUL JONES FCPFA **DATE: 26th July 2018**
Chief Finance Officer

COMMITTEE APPROVAL OF THE STATEMENT OF ACCOUNTS

This statement of accounts was approved by the Audit Committee at its meeting on 26th July 2018.

Councillor Brian Jones
Chair of Audit Committee **DATE: 26th July 2018**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the 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; and this may be different from the accounting cost. The taxation position is shown in both the Expenditure & Funding Analysis and in the Movement in Reserves Statement.

2016/17 Restated Gross Expenditure £000	2016/17 Restated Gross Income £000	2016/17 Net Expenditure £000	*Continuing Operations*	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000
34,538	(27,705)	6,833	Community, Client and Commercial Group	33,593	(26,234)	7,359
3,954	(1,838)	2,116	Planning, Housing and Regeneration Group	3,479	(1,506)	1,973
2,935	(445)	2,490	Strategic Services	3,765	(505)	3,260
41,427	**(29,988)**	**11,439**	**Cost of Services**	**40,837**	**(28,245)**	**12,592**
2,096	(147)	1,949	Other operating expenditure *(note 9)*	2,110	(1,011)	1,099
1,179	(401)	778	Financing and Investment (income) and expenditure *(note 10)*	915	(511)	404
2,398	(15,822)	(13,424)	Taxation and non-specific grant (income) and expenditure *(note 11)*	2,482	(15,955)	(13,473)
47,100	**(46,358)**	**742**	**(Surplus) or Deficit on the provision of services**	**46,344**	**(45,722)**	**622**
		(308)	(Surplus) or Deficit on revaluation of non-current assets (*note 33)*			(1,501)
		5,643	Remeasurement of the net defined benefit liability /(asset) *(note 35)*			(2,513)
		5,335	**Other Comprehensive (Income) and Expenditure**			**(4,014)**
		6,077	**Total Comprehensive (Income) and Expenditure**			**(3,392)**

2016/17 gross income and gross expenditure restated to reflect correct position, with £77k gain on disposal of investment properties being reclassified as income. No impact on net deficit on provision of services.

BALANCE SHEET

This statement shows the value as at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories. The first category is usable reserves i.e. those reserves that the council may use to provide services, these being subject to the need to maintain a prudent level and constrained by statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt).

The second category of reserves comprises those that the council is not able to use to provide services. This includes those that hold unrealised gains and losses (for example the revaluation reserve), where amounts only become available to provide services if the assets are sold, and those that hold timing differences which are shown in the Movements in Reserves Statement Line ‘Adjustments between accounting basis and funding basis under the regulations.’

31 March 2017 £000		Note	31 March 2018 £000
8,924	Property, Plant & Equipment	20	10,373
2,887	Investment Property	22	2,469
166	Intangible Assets	24	130
4,011	Long Term Investments	25	6,824
1,195	Long Term Debtors	27	1,012
17,183	**Long Term Assets**		**20,808**
14,020	Short term Investments	25	7,063
49	Inventories	26	70
3,353	Short term Debtors	27	4,917
4,006	Cash and cash equivalents	28	4,157
21,428	**Current Assets**		**16,207**
(177)	Short term borrowing	25	(2,047)
(5,263)	Short term creditors	29	(4,965)
-	Grants Receipts in Advance - Capital	17	(28)
(283)	Provisions	30	(217)
(5,723)	**Current Liabilities**		**(7,257)**
(46)	Long term borrowing	25	-
(2,902)	Grants receipts in advance - capital	17	(2,605)
(35,971)	Other long term liabilities	35	(29,792)
(38,919)	**Long Term Liabilities**		**(32,397)**
(6,031)	**Net Assets**		**(2,639)**
18,220	Usable Reserves		17,998
(24,251)	Unusable Reserves	33	(20,637)
(6,031)	**Total Reserves**		**(2,639)**

Signed: ………………………………………………………… Paul Jones FCPFA, Chief Finance Officer

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year of the different reserves held by the council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

The statement shows how the movements in year of the council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to council tax for the year. The net increase or decrease line shows the statutory general fund balance movement in the year following those adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance at 31 March 2016	**851**	**8,056**	**9,430**	**597**	**18,934**	**(18,888)**	**46**
Movement in Reserves during 2016/17							
Total Comprehensive Income and (Expenditure)	(742)	-	-	-	**(742)**	(5,335)	**(6,077)**
Adjustments between accounting basis and funding basis under regulations (Note 5)	288	-	(157)	(103)	**28**	(28)	**-**
Transfers to/from earmarked reserves (Note 32)	454	(454)	-	-	**-**	-	**-**
Increase / (decrease) in 2016/17	**-**	**(454)**	**(157)**	**(103)**	**(714)**	**(5,363)**	**(6,077)**
Balance at 31 March 2017	**851**	**7,602**	**9,273**	**494**	**18,220**	**(24,251)**	**(6,031)**
Movement in Reserves during 2017/18							
Total Comprehensive Income and (Expenditure)	(622)	-	-	-	**(622)**	4,014	**3,392**
Adjustments between accounting basis and funding basis under regulations (Note 5)	(527)	-	1,056	(129)	**400**	(400)	**-**
Transfers to/from earmarked reserves (Note 32)	1,031	(1,031)	-	-	**-**	-	**-**
Increase / (decrease) in 2017/18	(118)	(1,031)	1,056	(129)	(222)	3,614	3,392
Balance at 31 March 2018	**733**	**6,571**	**10,329**	**365**	**17,998**	**(20,637)**	**(2,639)**

CASH FLOW STATEMENT

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

2016/17 Restated £000		2017/18 £000
742	Net (surplus) or deficit on the provision of services	622
(1,391)	Adjust net surplus or deficit on the provision of services for non-cash movements (note 36)	4,097
692	Adjust for items in the net surplus or deficit on the provision of services that are investing or financing activities (note 36)	1,012
43	**Cash (inflows) generated from operating activities**	**5,731**
3,809	Investing activities (note 37)	(4,660)
248	Financing activities (note 38)	(1,222)
4,100	**Net (increase) / decrease in cash and cash equivalents**	**(151)**
8,106	Cash and cash equivalents at beginning of the year	4,006
4,006	Cash and cash equivalents at end of the year (note 28)	4,157
4,100	**Net increase / (decrease) in cash and cash equivalents**	**(151)**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

1.1 GENERAL PRINCIPLES

The Statement of Accounts summarises the council's transactions for the financial year and its position at the end of the financial year. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA/LASSAC Code of Practice on Local Government Accounting in the United Kingdom 2017/18 (The Code), supported by International Financial Reporting Standards (IFRS's), International Accounting Standards (IAS's) and statutory guidance.

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

The accounting policies of the council have as far as possible been developed to ensure that the accounts are understandable, relevant, free from material error or misstatement, reliable and comparable.

1.2 ACCOUNTING CONCEPTS

Except where specified in the Code, or in specific legislative requirements, it is the council's responsibility to select and regularly review its accounting policies, as appropriate.

These accounts are prepared in accordance with a number of fundamental accounting principles:

- Relevance
- Reliability
- Comparability
- Materiality

Additionally three further concepts play a pervasive role in the selection and application of accounting policies:

Accruals of Income and Expenditure

The financial statements, other than the cash flow statement, are prepared on an accruals basis, i.e. transactions are reflected in the accounts in the year in which the activity to which they relate takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the council provides the relevant goods or services.

- Supplies 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 payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- All income and expenditure is credited and charged to the Comprehensive Income and Expenditure Statement, unless it comprises capital receipts or capital expenditure.

Going Concern

The accounts are prepared on the assumption that the council will continue its operations for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to significantly curtail the scale of operations.

Primacy of legislative requirements

The council derives its powers from statute and its financial and accounting framework is closely controlled by primary and secondary legislation. Where legislative requirements and accounting principles conflict, legislative requirements take precedence.

1.3 EMPLOYEE BENEFITS

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as salaries and wages, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry 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 the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The majority of staff transferred to Publica Group (Support) Limited on 1st November 2017 and the liability for the accumulated absences accrual in respect of these staff has been transferred to this company at a cost of £64.6k. This is included as a cost to the council in the Comprehensive Income and Expenditure Statement, for which there is no statutory override as the officers are no longer employed by the council.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer’s employment before the normal retirement date or an officer’s decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the council can no longer withdraw any offer of benefits.

Where termination benefits involve the enhancement of pensions, statutory provisions require the general fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. Therefore in the Movement in Reserves Statement appropriations are required to and from the pensions reserve to remove the notional charges and credits for pension enhancement termination benefits, and replace them with 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 council and Publica Group (Support) Limited are members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The council's liabilities under the Local Government Pension Scheme cover all staff that were members of the scheme at the date of transfer to Publica (1st November 2017), as well as the remaining staff still employed by the council. The actuarial valuation as at 31st March 2018 has been prepared on this basis.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the council and Publica, and is accounted for as a defined benefits scheme.

- The liabilities of the Gloucestershire pension scheme attributable to the council and ex council staff transferred to Publica on 1st November 2017 are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on the adoption of the AA-rated corporate bond basis.

- The assets of the Gloucestershire pension fund attributable to the council are included in the balance sheet at their fair value on the following basis:
  - quoted securities – current bid value
  - unquoted securities – professional estimate of fair value
  - unitised securities – current bid price
  - property – market value.

- The change in the net pension liability is analysed into seven components:

  - Current service cost: the increase in liabilities as a result of the additional year of service earned - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

  - Past service cost: the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - charged to the Surplus or Deficit in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

  - Interest cost on defined obligation: the expected increase in the present value of liabilities during the year as they move one year closer to being paid - charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

  - Interest income on plan assets: the annual investment return on the fund assets attributable to the council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Gains/losses on settlements: the result of actions to relieve the council of liabilities or events that reduce the expected future service or accrual of benefits of employees – charged to the Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- Measurement of the net defined benefit liability: changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve.

- Contributions paid to the Gloucestershire pension fund: cash paid as employer's contributions to the pension fund, in settlement of liabilities.

Statutory provisions limit the amount chargeable to council tax to that payable by the council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pension Reserve to remove the notional charges and credits for retirement benefits and replace them with the cash paid to the pension fund and any amounts payable to the fund 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 council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award, and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.4 GRANTS AND CONTRIBUTIONS

Grants and contributions received from the government and other organisations are not credited to the Comprehensive Income and Expenditure Statement until any conditions attached to the grant or contribution have been satisfied. For example conditions may be stipulated that specify that the grants or contributions are required to be consumed by the recipient as specified, or they must be returned to the transferor.

Amounts received as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as Revenue or Capital Grants Received in Advance. When the conditions are satisfied, the grant or contribution is credited to the relevant service line (if ring-fenced) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement, so that they are available to fund capital expenditure. Where the grant has yet to be used to finance capital expenditure, it is credited to the Capital Grants Unapplied reserve. Where it has been applied it is credited 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.

1.5 OVERHEADS AND SUPPORT SERVICES

The agreed estimated cost of overheads and support services for the financial year are charged to those service segments that benefit from them, based on a variety of methods including officers' estimated time allocations, fixed charges per unit of service and, for administrative building costs, area occupied.

Any surplus or deficit on overhead and support service accounts arising at the year-end is not reallocated to services. This is consistent with the way financial performance is reported to management.

1.6 COUNCIL TAX RECOGNITION

Council Tax receivable for the financial year is recognised in the Collection Fund, a separate statutory account maintained by billing authorities. The Fund is charged with the council tax requirements ('precepts and demands') set by the major preceptors and billing authority before the start of the year, leaving (after providing for uncollectable debts) a surplus or deficit, which is then distributed to the same authorities in future years in proportion to their precepts or demands.

The council tax income included in the council's Comprehensive Income and Expenditure Statement for the year represents its 'demand' plus its share of the collection fund surplus or deficit due for the year, before any distribution. Because the amount of surplus or deficit that can be credited or charged to the council's general fund is governed by statute, and is limited to that declared at the start of the year, adjustments are made in the Movement in Reserves Statement to the collection fund adjustment account to reflect the difference between the surplus or deficit due for the year and that which can be released according to statute.

There is no statutory requirement for a separate collection fund balance sheet. Instead the fund balances (arrears, over/pre-payments, bad debts provision and accumulated surpluses or deficits) are distributed across the balance sheets of the billing authority and the major preceptors, in proportion to their precepts and demands. The council, as a billing authority, therefore accounts for council tax balances on an Agency basis, showing only its share of the fund balances on its balance sheet.

1.7 NATIONAL NON-DOMESTIC RATES (NNDR) INCOME RECOGNITION

NNDR income is recognised in the same way as council tax described above, with the exception that the net income and surplus/deficit credited or charged to the Comprehensive Income and Expenditure Statement is shared between the billing authority, the county council and central government in statutory proportions. NNDR balances are also distributed across their balance sheets in the same proportions.

1.8 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

1.9 NON-CURRENT ASSETS - RECOGNITION OF CAPITAL EXPENDITURE

The council recognises non-current assets when expenditure is incurred on assets:

- held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- expected to be used for more than one financial period.
- where it is expected that the future economic benefits associated with the asset will flow to the council.
- where the cost can be measured reliably.

The initial cost of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner required by management.
- Any costs of dismantling and removing an existing asset and restoring the site on which it is located.

The cost of an asset acquired other than by purchase or construction is deemed to be its fair value, except where an asset is acquired via an exchange it is deemed to be the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between their fair values and any consideration paid is credited to the Taxation and Non Specific Grant Income line in the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in a Donated Assets Reserve 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.

Subsequent ‘enhancement’ expenditure is treated as capital expenditure when it is considered it will increase the value of the asset or its useful life or increase the extent to which the council can use the asset.

De Minimis policy - expenditure on vehicles below £5,000 (excluding VAT) or on other assets below £10,000 (excluding VAT) is not treated as capital expenditure except where the sum of identical assets purchased exceeds this figure, as is the case with waste collection bins and caddies.

Capital assets are held on the Balance Sheet as Non-Current Assets.

1.10 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (PPE)

Assets that have physical substance and are held for use in the provision of services, for rental to others, or for administrative or other operational purposes on a continuing basis are classified as Property, Plant and Equipment. Such assets are categorised as Other Land and Buildings, Vehicles Plant and Equipment, Infrastructure, Community Assets, Surplus Assets and Assets Under Construction (if any).

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset and there is no prospect for sale or alternative use. Examples include footpaths, cycle tracks and drainage systems.

Community Assets are assets that the authority intends to hold in perpetuity, have no determinable useful lives and which may have restrictions on their disposal. Examples include cemeteries land and open spaces used for recreation.

Surplus Assets are assets which are not being used to deliver services or for administrative purposes but which do not meet the definition of Investment properties or Assets Held for Sale.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the council for more than one financial year and the cost of the item can be measured reliably. This excludes expenditure on routine repairs and maintenance, which is charged direct to service revenue accounts when it is incurred.

Measurement

PPE assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The council does not capitalise borrowing costs incurred whilst assets are under construction.

The assets are then carried on the Balance Sheet using the following measurement bases:

- Other Land and Buildings – Current value, using the basis of existing use value (EUV) where an active market exists or Depreciated Replacement Cost (DRC), where there is no active market for the asset or it is specialised.
- Infrastructure – depreciated historic cost.
- Community assets – historic cost (where known). The Code offers the option for authorities to measure community assets at valuation. The council has so far not adopted to change its accounting policy in this way as it does not currently have the management information to make reasonable valuation estimates of community assets.
- Assets under construction – historic cost.
- Surplus Assets – Current value, using the fair value basis (see paragraph 1.18 *Fair Value Measurement*).
- In the case of assets that have short useful lives or low values (or both) i.e. Vehicles, Plant and Equipment, depreciated historic cost is used as a proxy for current value.

Assets included in the Balance Sheet at Current value are re-valued where there have been material changes during the year and as a minimum every five years.

Where there is an upward revaluation, the carrying value is increased and the gain credited to the Revaluation Reserve. This is reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain, included in Other Comprehensive Income and Expenditure. Exceptionally, gains are credited to the Surplus or Deficit on the Provision of Services (and not the Revaluation Reserve) where a revaluation loss or impairment in respect of that asset was previously charged to a service revenue account (adjusted for the depreciation that would have been charged had the revaluation or impairment losses not occurred).

Where decreases in value are identified, they are accounted for as follows:

- 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 in the Comprehensive Income and Expenditure Statement.

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

Impairment

PPE assets are assessed at the end of each year for evidence of impairment. Where evidence exists and the effect is considered 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 difference.

Where there are revaluation gains for the asset in the Revaluation Reserve the impairment loss is written down against that balance (up to the amount of the accumulated gains).

Where there are no gains in the Revaluation Reserve or an insufficient balance to meet the impairment loss, the remaining loss is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line 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 with a determinable finite useful life, by writing down the carrying value of the asset in the Balance Sheet over the remaining periods expected to benefit from their use. Assets not depreciated are those without a determinable finite useful life (land and community assets), assets that are not yet available for use (assets under construction) and assets reclassified as Held for Sale.

Depreciation is calculated on the following basis:

- Buildings, Vehicles, Plant, Furniture and Equipment, Infrastructure, Surplus assets – straight-line allocation over the asset's estimated useful life. Newly acquired assets are depreciated from the year following that in which they were acquired.

- Assets under construction are not depreciated until they are brought into use.

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

Assets disposed of during the year are depreciated in the year of disposal or in the case of assets reclassified as Held for Sale, in the year they were reclassified.

Componentisation

Where an item of Property Plant and Equipment has components whose cost is significant in relation to the total cost of that item they are identified as separate assets and depreciated separately. The council's current Componentisation Policy defines a separate component:

- for new assets and enhancements (excluding land), as an item of expenditure with a value greater than £50,000 or 20% of the cost of the asset, whichever is the higher
- for buildings revalued after 1st April 2010, as an item with a current net book value in excess of £250,000 or 20% of the cost, whichever is the higher.

1.11 NON-CURRENT ASSETS - INVESTMENT PROPERTY

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset, in its highest and best use, could be exchanged between market participants at the reporting date. Properties are not depreciated but are revalued annually as necessary dependent on changes in market conditions in the year. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Such gains and losses, however, are not permitted by statutory arrangements to have an impact on the General Fund Balance and are therefore reversed out in the Movement in Reserves Statement and credited to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

1.12 NON-CURRENT ASSETS - INTANGIBLE ASSETS

Expenditure on assets that do not have physical substance and which are controlled by the entity through custody or legal rights (e.g. software licences), is capitalised when it will bring benefits to the council for more than one financial year. Internally generated assets are capitalised where it can be demonstrated that the project is technically feasible, is intended to be completed (with adequate resources being available), where the council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset, and where the expenditure during the development phase can be reliably measured.

Intangible assets are measured at cost, which is amortised over the estimated useful life of the asset to the relevant service line in the Comprehensive Income and Expenditure Statement, to reflect the pattern of consumption of benefits. Estimated remaining useful lives are reviewed annually and an asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are charged to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or cessation of use of an intangible asset is credited or charged to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance, so are reversed out of the General Fund Balance in the Movement in Reserves Statement and charged or credited to the Capital Adjustment Account with any sale proceeds greater than £10,000 credited to the Capital Receipts Reserve.

1.13 NON-CURRENT ASSETS – DISPOSALS AND 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. Assets are classified as held for sale where the asset is available for immediate sale in its present condition and where the sale is highly probable i.e. the asset has been advertised for sale and a buyer sought and the completion of the sale is expected within twelve months of the balance sheet date.

Except when carried at (depreciated) historic cost, an asset is revalued immediately before its reclassification as Held for Sale, using its existing category's measurement basis. Following reclassification assets are measured at the lower of their carrying values and fair values less costs to sell. Any subsequent gains in value are first used to reverse any losses previously charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement and thereafter recognised in the Revaluation Reserve. Losses in value are charged to the Surplus or Deficit on the Provision of Services (even when there is a balance held for that asset in the Revaluation Reserve).

Depreciation is not charged on Assets Held for Sale, except in the year in which they were classified as held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified as non-current assets (Property, Plant and Equipment or Investment 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.

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 carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are written off to the Capital Adjustment Account.

Amounts received from a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Usable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement of 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. Such amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.14 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets is charged to the relevant service revenue account in the year. To the extent the council has determined to meet the cost of this expenditure from capital resources (borrowing, capital receipts or grants) a transfer to the Capital Adjustment Account via the Movement in Reserves Statement reverses out the amounts charged to the General Fund Balance so there is no impact on the level of council tax.

1.15 CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Service revenue accounts, support services and trading accounts are charged with the following amounts to record the real cost of holding assets during the year:

- Depreciation of property, plant and equipment used by the relevant service
- Amortisation of intangible assets used by the service
- Revaluation and impairment losses, where there are no accumulated gains in the Revaluation Reserve against which the losses can be charged.

The council cannot raise council tax to cover depreciation, amortisation or revaluation and impairment losses. It is, however, required to make an annual provision (known as Minimum Revenue Provision or MRP) from revenue towards reducing its overall borrowing requirement, equal to an amount calculated on a prudent basis by the council in accordance with statutory guidance. The above charges are therefore reversed out of the General Fund Balance and replaced by a MRP contribution to the Capital Adjustment Account in the Movement of Reserves Statement.

1.16 LEASES

Leases are classified as either Finance Leases or Operating Leases. Arrangements that do not have the legal status of a lease but convey the 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.

Defining a Finance Lease

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. This is likely to apply if some or all of the following situations are met:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. in the case of hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset, even if title is not transferred. The economic life of the asset is deemed to be consistent with the useful life of the asset in the depreciation policy. The council recognises the major part to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction

- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease. If this rate cannot be determined the incremental borrowing rate applicable for that year is used. The council recognises “substantially all” to mean 90% of the value of the asset. In some circumstances, a level of 75% is used if the council believes that using this level will give a result that better reflects the underlying transaction

- The leased assets are of such a specialised nature that only the lessee can use them without major modifications

- If the lessee cancels the lease, the lessor’s losses associated with the cancellation are borne by the lessee

- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease)

- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

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

Lessee Accounting for a finance lease

Where the council is leasing an asset (for example as a tenant) that is deemed a finance lease, it will recognise that asset within its asset register, and account for that asset as though it were an owned asset.

The initial recognition of the asset is at the fair value of the asset, or if lower, the present value of the minimum lease payments. A liability is also recognised at this value, which is reduced as lease payments are made. Lease payments made to the lessor are split between the reduction in the liability and interest, which is charged to the Comprehensive Income and Expenditure Statement.

Lessor Accounting for a finance lease

Where the council grants a finance lease over property or items of plant or equipment the carrying values of the relevant assets are written out of the Balance Sheet to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. The amount receivable on disposal (representing the minimum lease payments due), is credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal, matched by a cash receipt (if a premium has been paid) or a long term debtor (if to be settled by payments in future years) on the Balance Sheet.

The amount receivable 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 under the lease is settled by payments in future years the amount receivable on disposal is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve.

When received future lease payments are apportioned between:

- a charge for the acquisition of the assets, which reduces the lease debtor.
- finance interest, which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

An amount equivalent to the charge for the acquisition of the assets is at the same time transferred from the Deferred Capital Receipts Reserve to the Capital Receipts Reserve.

Defining an Operating Lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards arising from ownership of the asset.

Lessor Accounting for an operating lease

Where the council grants an operating lease over property or items of plant or equipment, the asset is retained on the Balance Sheet. Rental income is credited to the relevant service income line or, if the asset is classified as an Investment property, to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Lessee Accounting for operating leases

Rentals paid under operating leases are charged to the service using the asset in the Comprehensive Income and Expenditure Statement.

1.17 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the Balance Sheet when the authority becomes party to the contractual provisions of the instrument. In the case of a financial asset this is when the authority becomes committed to its purchase, except in the case of trade receivables, which are recognised when the goods or services have been supplied. Financial liabilities are recognised when the cash or goods or services have been received.

Financial Liabilities

Financial liabilities are initially measured at fair value and then carried at amortised cost. Where interest is payable this is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Normally this means, for the council's borrowings, the amount recognised in the Balance Sheet represents the outstanding principal repayable plus any accrued interest, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year stated in the loan agreement. For current payables with no stated interest rate the amount recognised is the outstanding invoiced amount.

Financial Assets

The council's financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments *and* are not quoted in an active market.
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are initially measured at fair value and carried at amortised cost. Where interest is receivable this is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Normally this means, for the council's loans and investments, the amount recognised in the Balance Sheet is the outstanding principal receivable plus any accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year stated in the loan agreement.

Where loans and receivables are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and an impairment charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised cash flows, discounted at the asset's original effective interest rate.

For current receivables with no stated interest rate the amount recognised is the outstanding invoiced amount, less any allowance for impairment (provision for bad or doubtful debts).

Any gains and losses that arise on the disposal or de-recognition of the asset are credited or charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-sale financial Assets

Available-for-sale financial assets are initially measured and carried at fair value, except in the case of equity instruments that do not have a quoted price in an active market for which a reliable fair value cannot be established, which are measured at cost. For instruments quoted in an active market, fair values are based on their market prices at the reporting date, except where the instruments will mature within twelve months of that date, in which case they are assumed not materially different to (and therefore equal to) their carrying values.

Where the asset has fixed or determinable payments, the interest receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, any income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the council.

Changes in fair value (except those arising from impairments), if material, are balanced by an entry to the Available-for-Sale Reserve and the gain or loss is recognised in Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement. Where impairment losses have been incurred, these are charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Any gains and losses that arise on the de-recognition of the asset are credited or charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, together with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

1.18 FAIR VALUE MEASUREMENT

The authority measures certain non-financial assets (Surplus Assets, Investment Property and Assets Held for Sale) and its Available-for-sale financial assets at fair value at the balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. In the case of a non-financial asset, the authority takes into account the market participants' ability to use 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'.

Inputs to the valuation techniques used in measuring fair value are categorised within the fair value hierarchy as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 - directly or indirectly observable inputs other than quoted prices
- Level 3 - unobservable inputs for the asset or liability.

1.19 INVENTORIES

Inventories held in stores are included in the Balance Sheet at the latest price paid. This is a departure from the requirements of the Code, which require inventories to be shown at the lower of cost and net realisable value. The effect of the different treatment is not considered material.

1.20 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than 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 council's cash management.

1.21 PROVISIONS

Provisions are made where an event has taken place that gives the council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing or amount of the transfer is uncertain. For instance, the council 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 council becomes aware of the event, based on its best estimate of the likely settlement. When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

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

1.22 CONTINGENT LIABILITIES

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

Contingent liabilities are not recognised in the Balance Sheet but, where material, disclosed in a note to the accounts.

1.23 RESERVES

The council sets aside specific amounts as usable reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to form part of the Surplus or Deficit 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 in that year.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits, and they do not represent usable resources for the council – these reserves are known as unusable reserves.

1.24 CONTINGENT ASSETS

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

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

1.25 PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

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

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

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

1.26 EVENTS AFTER THE BALANCE SHEET DATE

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

- those that provide evidence of conditions that arose after 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.

1.27 ESTIMATION TECHNIQUES

Estimation techniques are the methods adopted to assess the values of assets, liabilities, gains and losses and changes in reserves in situations where there is uncertainty as to their precise value. Unless specified in the Code or in legislative requirements, the method of estimation will generally be the one that most closely reflects the economic reality of the transaction.

1.28 JOINTLY CONTROLLED OPERATIONS

Jointly controlled operations are activities undertaken by the council, together with other organisations, involving the shared use of assets and resources of the organisations rather than the establishment of a separate entity. The council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and charges or credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Such operations and assets, not being separate entities, are accounted for in the council only accounts and are not separate entities for Group account purposes.

1.29 GROUP ACCOUNTS

Ubico Limited

At 31st March 2018 the council had a 14.29% shareholding in Ubico Limited, a local authority owned company which (from 2015/16) has seven members, providing environmental services to the shareholder councils. Since the council has no control or joint control or significant influence over the company, there is no requirement to produce consolidated group accounts.

Publica Group (Support) Limited

While the Council has an interest in the Company the Council's share of profit for the year and net assets at the balance sheet date have not been consolidated into the Council's single entity accounts. The figures involved are not material to the accuracy of the accounts, and the Council has not prepared Group Accounts on this basis.

2. CHANGES IN ACCOUNTING POLICY AND ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. There is also the requirement for an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

The following standards and amendments are introduced in the 2018/19 Code:

- IFRS9 - Financial instruments
- IFRS15 - Revenue from Contracts with Customers including amendments to IFRS 15 – Clarifications to IFRS15 Revenue Contracts with Customers
- Amendments to IAS12 – Income taxes: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS7 – statement of Cash Flows: Disclosure Initiative.

IFRS15 and the amendments to IAS12 and IAS7 (when adopted) are not anticipated to have a material impact on the financial statements or balances of the council.

IFRS9 - Financial Instruments

The council will adopt IFRS9 Financial Instruments with effect from 1st April 2018. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets.

The reclassification changes are not expected to have a material impact on the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement (CIES) since on 1st April 2018 the council irrevocably elected to present changes in the fair value of the following equity investments in other comprehensive income as permitted by the standard:

- CCLA Property Fund

The reclassification changes are, however, expected to have a material effect on other comprehensive income in the CIES and Movement in Reserves Statement (MIRS) and on the carrying value of Investments on the Balance Sheet with the restatement of the company shares at fair value rather than at amortised cost as at present.

The council does not expect the impairment changes to have a material impact on the financial statements because the impairment charge will be immaterial for its financial assets (such as bank deposits, certificates of deposit and pooled property funds) and it already makes a provision for doubtful debts on its service assets (e.g. trade receivables).

3. CRITICAL JUDGEMENTS USED IN ACCOUNTING POLICIES

In applying the accounting policies set out on pages 19 to 36, the council has had to make certain judgments about balances and transactions which may be uncertain depending on future events.

Publica Group (Support) Limited
The Council jointly owns (with West Oxfordshire District Council, Cotswold District Council and Cheltenham Borough Council) Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the council and services to other members Councils under contract. While the council has an interest in the Company the council's share of profit for the year and net assets at the balance sheet date have not been consolidated into the council's single entity accounts. The figures involved are not material to the accuracy of the accounts, and the council has not prepared Group Accounts on this basis.

In addition the company is considered to be an employment vehicle, employing and paying staff and then recharging these costs back to the councils. It does not trade and does not make a profit, with any surpluses generated being redistributed back to the councils. Each council has retained its governance arrangements and member control over decisions. Publica are unable to make financial decisions that will have an impact on the Medium Term Financial Strategy of the councils, without proper approval having been given by each council in accordance with the council's constitution and financial and contract rules.

Pension Liability
No allowance has been made in the Councils' accounts for the transfer out of any Local Government Pension Scheme (LGPS) pension liability to Publica Group (Support) Limited. The service contract and tripartite agreement between the Council, Gloucestershire Pension Fund and Publica Group (Support) Limited mean that the pension liability and risk relating to the pension fund remains with the Council, following the TUPE transfer of the majority of the Council's staff to Publica on 1st November 2017. Therefore the Council is reporting the pension liability for both staff transferred to Publica, and the Councils retained staff, in the accounts. Although Publica, as the employer of many of the current staff may be initially responsible for paying any exit contributions (for example), for any of its staff that are members of the LGPS, such cost will be reimbursed by the relevant Council. The accounts have been prepared on the basis that the full pension fund liability for the LGPS sits in the Council's accounts. There are no separate disclosures for Publica as they are not responsible for any LGPS liability.

Business Rate Appeals Provision
The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1st April 2013. From this date district councils such as Forest of Dean assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. A successful appeal may mean the council having to refund rates paid in previous years. The council has therefore set aside a provision to cover its share of the repayments it estimates will be made and made a judgement as to the timescale over which they are likely to be repaid.

The provision is based on the expected success rate of appeals lodged at 31st March 2018, so no allowance has been made for any successful appeals against previous years' rate liabilities that may be received after this date.

Non-Current Assets
The classification of non-current and Property, Plant and Equipment assets has been assessed and judgements made as to the category, and therefore the valuation basis, in which each asset falls, including those held for investment purposes.

Recycling vehicles within the waste contract
The council provided the funding for a number of recycling vehicles during 2016/17 to support the waste contract. These vehicles have been provided to BIFFA in an exchange for a reduction of the contract price over a number of years. In assessing the accounting treatment of this transaction the council has considered the criteria under IAS 17 Leases, IAS 18 Revenue and paragraphs 2.1.2.25 and 4.1.2.18 of the Code. These indicate that in substance, the payment to Biffa is a prepayment for the future services to be provided and this reflects the economic reality.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

The items in the council's Balance Sheet at 31st March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £3,936 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to be applied.	The effects on the net pensions' liability of changes in individual assumptions can be measured. For example, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of approximately 9%, and a one year increase in member life expectancy would increase the pension liability by approximately 3% to 5%. A sensitivity analysis is included in Note 35- Pensions.
Non-domestic rates (NDR) appeals provision	This provision has been set up to meet losses arising from the successful appeal of businesses against the rateable value of their properties. For appeals up to 31st March 2017 the provision is based on an expected success rate of appeals submitted at 31st March 2017 and an estimated reduction in rateable value. Although based on past experience, both the actual success rate and actual reduction may differ from the estimate. Appeals from 1st April 2017 onwards are subject to a new process known as Check, Challenge, Appeal. As yet there is limited information upon which to base an estimate of the provision necessary under the new process, so the estimated provision has been based on 2% of the Rating list (2017) as at 31st March 2018.	For appeals up to 31st March 2017 a 1% increase in the assumed success rate, together with a 1% reduction in the rates payable, would result in an increase in the estimated provision required of £3k, of which the council's share would be £1k. This would reduce any collection fund surplus able to be distributed to the council in future years. Note - certain categories of appeals are estimated at 100% expected success rate, based on experience to date. For appeals from 1st April 2017 a 1% change in the level of provision would equate to a change in provision of £186k.

5. ADJUSTMENTS BETWEEN ACCOUNTING AND FUNDING BASIS UNDER THE REGULATIONS

This note details the adjustments that have been made to Total Comprehensive Income and Expenditure so that it equals the amount available, under statutory provisions, to meet future capital and revenue expenditure.

The following describes the major reserves and the adjustments made to each reserve:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise. These rules also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

2016/17 Usable Reserves				2017/18 Usable Reserves		
General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000		General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000
			Adjustments to Revenue Resources			
			Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements			
			Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure (charged or credited to the Capital Adjustment Account)			
(1,254)	-	-	Charges for depreciation, amortisation and impairment of non-current assets	(860)	-	-
(5)	-	-	Revaluation losses on Property, Plant and Equipment	(278)	-	-
77	-	-	Movements in the fair value of Investment properties	157	-	-
655	-	-	Capital grants and contributions	613	-	-
(1,180)	-	-	Revenue Expenditure Funded from Capital Under Statute	(751)	-	-
(406)	(113)	-	Amounts of non-current assets written off on sale as part of the gain/loss on disposal	34	(105)	-
20	-	-	Newly identified existing assets	-	-	-
227	-	-	Pension costs transferred from the Pensions Reserve	24	-	-
329	-	-	Council tax and NNDR net deficit transferred to the Collection Fund Adjustment Account	72	-	-
23	-	-	Holiday Pay transferred from the Accumulated Absences Account	55	-	-
(1,514)	(113)	-	**Total adjustments to Revenue Resources**	(934)	(105)	-
			Adjustments between Revenue and Capital resources			
522	(522)	-	Transfer of non-current asset sale proceeds from revenue to capital receipts	950	(950)	-
(6)	6	-	Payments to the government housing receipts pool funded by a transfer from capital receipts	(4)	4	-
553	-	-	Statutory provision for the repayment of debt transferred to the Capital Adjustment Account	177	-	-
147	-	-	Capital expenditure financed from revenue balances transferred to the Capital Adjustment Account	321	-	-
1,216	**(516)**	**-**	**Total adjustments between Revenue and Capital Resources**	**1,444**	**(946)**	**-**
			Adjustments to Capital resources			
-	804	-	Use of capital receipts to finance capital expenditure	-	16	-
-	-	103	Application of capital grants and contributions to fund capital expenditure	-	-	129
-	(18)	-	Transfer from Deferred Capital Receipts upon receipt of cash	-	(21)	-
10	-	-	Capital Grants and loans repaid	17	-	-
10	**786**	**103**	**Total adjustments to Capital Resources**	**17**	**(5)**	**129**
(288)	**157**	**103**	**Total adjustments between Accounting and Funding basis under the regulations**	**527**	**(1,056)**	**129**

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Section 151 Officer on 31st May 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no post balance sheet events after the reporting period to report.

7. CHANGES IN OPERATIONS AND DISCONTINUED OPERATIONS

The council has not discontinued any operations in 2017/18. However, the majority of front line and support services staff transferred to Publica Group (Support) Ltd on 1st November 2017, wholly owned by Forest of Dean District Council, Cotswold District Council, West Oxfordshire District Council and Cheltenham Borough Council. This company provide these services to the council.

8. TRADING ACCOUNTS

The council has the following trading activity, the deficit of which is included in the Comprehensive Income and Expenditure Statement. An analysis of the trading activities is as follows:

	2017/18 £000	2016/17 £000
Car Parking Expenditure	217	201
Car Parking Income	(130)	(140)
Revaluations of Car Parks	110	-
Net Deficit	**197**	**61**

The council own a number of car parks within the district where a charge for parking is made. Car Park trading operations are included within the Planning, Housing and Regeneration Group shown on the face of Comprehensive Income and Expenditure Statement.

9. OTHER OPERATING (INCOME) AND EXPENDITURE

	2017/18 £000	2016/17 £000
Parish council precepts	2,060	2,053
Levies	37	36
Payments to the Government Housing Capital Receipts Pool	4	6
(Gains)/Losses on Disposal of non-current assets	(52)	396
VAT Shelter and right to buy income	(950)	(522)
Newly identified existing asset	-	(20)
Net Other Operating Expenditure	**1,099**	**1,949**

Income from the VAT Shelter is due to the council following the transfer of its housing stock to a housing association in 2003.

10. FINANCING AND INVESTMENT (INCOME) AND EXPENDITURE

	2017/18 £000	2016/17 £000
Interest payable and similar charges	13	34
Net interest on the net defined benefit liability (asset)	843	1,047
Interest receivable and similar income	(159)	(143)
Income and expenditure in relation to investment properties and changes in their fair value	(293)	(160)
Net Financing and Investment Expenditure	**404**	**778**

11. TAXATION AND NON SPECIFIC GRANT (INCOME) AND EXPENDITURE

	2017/18 £000	2016/17 £000
Council Tax Income	(6,945)	(6,644)
Non-Domestic Rates income and expenditure:		
- Billing authority share	(5,009)	(4,905)
- Collection Fund (surplus) / deficit	111	104
- Tariff payable to central government	2,444	2,370
- Levy payable(receivable)	37	28
- NDR renewable energy contribution	(146)	(87)
Non-ring-fenced government grants	(3,764)	(4,060)
Capital grants and contributions	(201)	(230)
Net Taxation and Non Specific Grant Income	**(13,473)**	**(13,424)**

12. OFFICERS' REMUNERATION

Remuneration disclosures for Senior Officers whose *salary* is less than £150,000 but equal to or more than £50,000 per year:

Post Title	2017/18						
	Salary including Fees and Allowances £	Expense Allowances £	Compensation for loss of office £	Benefits-in-kind £	Total Remuneration excluding pension contributions £	Pension contributions £	Total Remuneration including pension contributions £
Head of Paid Service (to 31/10/17 -note e)	56,000	1,591	-	-	57,591	10,024	67,615
Head of Paid Service (from 1/11/17-note f)	28,453	517	-	-	28,970	4,074	33,044
Strategic Group Mgr (to 31/10/17 note e)	38,084	693	-	-	38,777	6,817	45,594
Strategic Group Mgr (to 31/10/17 note f)	38,084	522	-	-	38,606	6,895	45,501
Monitoring Officer (2017/18)	58,763	104	-	-	58,867	8,950	67,817
	219,384	**3,427**	**-**	**-**	**222,811**	**36,760**	**259,571**
	2016/17						
Head of Paid Service	86,712	98	-	-	86,810	12,400	99,210
Strategic Director	28,921	75	38,991	-	67,987	4,136	72,123
Strategic Group Manager	64,747	754	-	-	65,501	9,259	74,760
Strategic Group Manager	64,640	1,154	-	-	65,794	9,243	75,037
Group Manager Environmental Services	981	-	60,756	-	61,737	140	61,877
Monitoring Officer	53,823	346	-	-	54,169	6,794	60,963
	299,824	**2,427**	**99,747**	**-**	**401,998**	**41,972**	**443,970**

Notes:

a) For the purposes of this disclosure, senior employee means Head of Paid Service, his/her direct reports and statutory chief officers whose salary is between £50,000 and £150,000.

b) The council does not operate a Performance Pay System and does not pay bonuses to any member of staff.

c) The statutory role of Section 151 Officer for the council is carried out by the Chief Finance Officer, Paul Jones, under a secondment arrangement with Cheltenham Borough Council, at a cost of £35,000 (£30,600 plus expenses in 2016/17).

d) The Monitoring Officers salary includes Returning Officer fees in 2017/18 of £8,761 (£6,312 in 2016/17). The monitoring officer remains employed by the council.

e) The existing Head of Paid Service and one Strategic Group Manager were transferred to new roles within Publica Group (Support) Limited on 1st November 2017

f) One Strategic Group Manager remained employed by the council, appointed to the position of Head of Paid Service 1st November 2017

The council did not employ any other staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions). The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies are set out 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 £	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
£0 - £20,000	-	-	2	1	2	1	19,471	15,913
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	2	-	2	-	96,871
£60,001 - £80,000	-	-	2	1	2	1	144,493	60,756
£80,001 - £100,000	-	-	-	1	-	1	-	89,285
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**4**	**5**	**4**	**5**	**163,964**	**262,825**
Amounts provided for in CIES not included in bandings	-	-	-	1	-	1	-	78,916
Total	**-**	**-**	**4**	**6**	**4**	**6**	**163,964**	**341,741**

13. MEMBERS' ALLOWANCES

In 2017/18 the council paid £324,731 (2016/17 £306,364) in allowances to its 48 members. The Expenditure reflects members' allowances approved by council for 2017/18. Full details of the Members' Allowances scheme for 2017/18 can be found on the council's website.

14. TERMINATION BENEFITS

The council terminated the contracts of 4 employees in 2017/18 (6 in 2016/17). Total costs incurred were £163,964 (£341,741 in 2016/17), of which £76,918 (£79,284 in 2016/17) related to early retirement costs and £87,046 (£262,457 in 2016/17) related to redundancy payments. All staff redundancies were made on a voluntary basis, with no compulsory redundancies. These costs have been charged to the relevant service line shown within the Comprehensive Income and Expenditure Statement.

15. RELATED PARTY TRANSACTIONS

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

Central Government

Central Government has significant influence over the general operations of the council; it is responsible for providing the statutory framework within which the council operates, providing the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are shown in note 17.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in note 13. During 2017/18 works and services to the value of £278,568 were commissioned from organisations in which nineteen members had an interest, grants totalling £513,145 were paid to voluntary organisations in which eighteen members had an interest. In all instances, contracts were awarded in accordance with the council's standing orders and grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of these transactions are recorded in the Register of Members' Interests, open to public inspection at the council offices during office hours.

Other public bodies (subject to common control by central government)

The council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the Town and Parish Councils within the district's area. Precepts for the County and Police and Crime Commissioner are shown in the notes to the Collection Fund number 4 Fund Balance.

6 members of the district council are also members of Gloucestershire County Council. 18 members of the district council are also members of town or parish councils. Parish Precepts are shown in the Comprehensive Income and Expenditure Statement.

Council employees are eligible to be members of the Local Government Pension Scheme, administered by Gloucestershire County Council. The total employer's contributions paid into the Pension fund by the council were £2,239,000 in respect of 2017/18 (£2,230,000 in 2016/17) and a further upfront payment of £3,642,000 in respect of 2018/19 and 2019/20.

South West Audit Partnership (SWAP)

Forest of Dean District Council is a Member of SWAP which is a company limited by guarantee and is wholly owned and controlled, as an in-house company, by the members and is a local authority controlled company for the purposes of Part V of the Local Government and Housing Act 1989. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member or within one year after he ceases to be a member.

Ubico Limited

Ubico Limited was set up on 1st April 2012, to deliver environmental services, jointly owned by Cheltenham Borough Council and Cotswold District Council. During 2015 and 2016, Forest of Dean District Council, Tewkesbury Borough Council, West Oxfordshire District Council, Stroud District Council and Gloucestershire County Council joined the company as shareholders. This Council holds an equal 1/7th shareholding in the Company.

The company provides services to the shareholder councils on a not-for-profit basis and therefore qualifies for the teckal exemption (named after the EU case that established the principle). As a teckal company, Ubico Ltd must ensure that the percentage of work undertaken outside of the shareholder contracts is less than 20% of its total activity.

While the Council has a 1/7th shareholding in Ubico Ltd, no members of Forest of Dean District Council serve on the company's Board of Directors, the Council is not deemed to have significant influence over the company. The separate operating practices, management structure and majority-voting on the Ubico board do not constitute any means of joint-control over the company. The Council's interest is therefore classed as an investment in Ubico.

Publica Group (Support) Limited

Publica Group (Support) Limited is a not-for-profit company limited by guarantee with no share capital.

Forest of Dean District Council, along with West Oxfordshire District, Cotswold District and Cheltenham Borough Councils have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the council and services to other members Councils under contract.

Publica Group (Support) Limited is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

While Publica Group (Support) Limited works closely with the council, the company has its own board of Directors, its own Management team, and operates independently from the council.

During 2017/18 the council purchased services from Publica Group (Support) Limited to the value of £2,440,556. During 2017/18, in its first-year of trading, Publica generated a surplus for the year of £13,534. While the council is a partner, the council's share of Publica's profit for the year (£13,534) net assets (of £13,534) have not been included or consolidated in the council single-entity accounts as they are not deemed material to the accounts.

Chief Finance Officer (CFO)

Forest of Dean District Council shares its Chief Finance Officer with Cheltenham Borough Council under a secondment agreement. The CFO is an employee of, and paid by, Cheltenham Borough Council. While the Officer is shared and has influence in both councils, he is required to act separately for each Council. Decisions on overall policy and the strategic direction are set by Cabinet and Council in each Council, with the CFO enacting the Members' will.

16. EXTERNAL AUDIT COSTS

The total audit fees payable to the council's external auditor in 2017/18 were £58,253 (£61,920 in 2016/17), made up as follows:

	2017/18 £000	2016/17 £000
Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor	47	47
Fees payable to Grant Thornton UK LLP for challenge work	-	4
Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns	7	9
Non audit fee costs incurred by GO Shared Services	-	2
Fees Payable to Grant Thornton UK LLP for CFO Insights Licence	4	-
	58	**62**

17. GRANT INCOME

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

	2017/18 £000	2016/17 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	721	1,247
New Homes Bonus	1,930	2,087
Business Rates Relief Grants	1,005	595
Transparency	8	8
Rural Services Delivery Grant	100	124
	3,764	4,061
Credited to Services:		
Housing Benefit Grant	21,108	22,382
Places of Safety Grant	-	441
Disabled Facilities Grant	412	425
NNDR Administration	119	119
Council Tax Administration Subsidy	104	108
DWP Additional Grant	83	78
Discretionary Housing Payments	110	55
Flooding Business Support Scheme	-	55
Other Government Grants	188	54
Capital Grants & Contributions	201	230
Contributions from County Council	120	186
Total	**26,209**	**28,194**

The council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	2017/18 £000	2016/17 £000
Grants Receipts in Advance (Capital Grants)		
S106 Contributions	2,100	2,397
Government grant: Cinderford Northern Quarter	505	505
Total Long Term Liabilities	**2,605**	**2,902**
Disabled Facilities Grant	28	-
Total Current Liabilities	**28**	**-**
Total Grants Receipts in Advance (Capital Grants)	**2,633**	**2,902**

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 council (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.

2016/17				2017/18		
Net expenditure chargeable to the General Fund and HRA balances £000	**Adjustments between the funding and accounting basis (note 18) £000**	**Net expenditure in the Comprehensive Income and Expenditure statement £000**		**Net expenditure chargeable to the General Fund and HRA balances £000**	**Adjustments between the funding and accounting basis (note 18) £000**	**Net expenditure in the Comprehensive Income and Expenditure statement £000**
6,540	293	6,833	Community, Client and Commercial Group	7,256	103	7,359
1,963	153	2,116	Planning, Housing and Regeneration Group (i)	1,759	214	1,973
3,473	(983)	2,490	Strategic Services	3,881	(621)	3,260
11,976	**(537)**	**11,439**	**Net Cost of Services**	**12,896**	**(304)**	**12,592**
(11,522)	825	(10,697)	Other income and expenditure	(11,747)	(223)	(11,970)
454	**288**	**742**	**(Surplus) or Deficit**	**1,149**	**(527)**	**622**
(8,907)			Opening General Fund Balance including earmarked reserves at 1 April	(8,453)		
454			Add Surplus in year	1,149		
(8,453)			**Closing General Fund Balance including earmarked reserves at 31 March (ii)**	**(7,304)**		

(i) Narrative statement -reported outturn 2017/18 classifies £412k revenue expenditure funded from capital under statute (REFCUS) within the Planning, Housing & Regeneration Group; included in adjustments between the funding and accounting basis above.

(ii) for a split of the balance between the General Fund and earmarked reserves see the Movement in Reserves Statement

18. SEGMENTAL REPORTING

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2016/17					2017/18			
Adjustments for capital purposes (note 1 below) £000	Net changes for the Pension Adjustments (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (note 1 below) £000	Net changes for the Pension Adjustments (note 2) £000	Other Differences (note 3) £000	Total Adjustments £000
489	(190)	(6)	293	Community, Client and Commercial Group	193	(89)	(1)	103
266	(107)	(6)	153	Planning, Housing and Regeneration Group	260	(47)	1	214
5	(977)	(11)	(983)	Strategic Services	165	(731)	(55)	(621)
760	**(1,274)**	**(23)**	**(537)**	**Net Cost of Services**	**618**	**(867)**	**(55)**	**(304)**
107	1,047	(329)	825	Other Income and Expenditure from the Funding Analysis	(995)	843	(71)	(223)
867	**(227)**	**(352)**	**288**	**Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit**	**(377)**	**(24)**	**(126)**	**(527)**

(1) **Adjustments for capital purposes**

This column adds in revaluation gains/losses on Property, Plant and Equipment and Revenue Expenditure funded from capital under statute (REFCUS) in the service lines and for:

- Other operating expenditure – adds gains/losses on disposals of Property, Plant and Equipment
- Financing and investment income and expenditure – the statutory charges for capital financing (Minimum Revenue Provision) and revenue financing of capital expenditure are deducted as these are not chargeable under generally accepted practices, and changes in the fair value of Investment properties are added
- Taxation and non-specific grant income and expenditure – this line is credited with capital grants receivable in the year which have no conditions or for which conditions were satisfied in the year.

Depreciation and amortisation charges are included in the service lines in the Net Expenditure chargeable to the General Fund balances column of the Expenditure and Funding analysis (as they are included in reports to management), but then reversed out in Other Income and Expenditure so they have no impact on council tax. The reversal is removed in the Other Income and expenditure line in the Adjustments for capital purposes column above to ensure such charges are included in the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.

(2) Net change for the Pensions Adjustments

- for services - the removal of employer pension contributions and their replacement with current and past service costs
- for Financing and investment income and expenditure – the addition of net interest on the pensions defined benefit liability.

(3) Other Differences

- For Taxation and non-specific grant income and expenditure – timing differences between the income for council tax and non-domestic rates (NDR) credited under statutory regulations and that recognised under generally accepted accounting practice.
- For services – the addition of a the accumulated absences accrual representing annual and other leave due to staff at 31st March 2018.

SEGMENTAL INCOME

The net expenditure chargeable to the general fund balance in the Expenditure and Funding Analysis includes the following items on a segmental basis:

	2017/18		2016/17 Restated	
	Depreciation, amortisation and impairment £000	Revenues from external customers £000	Depreciation, amortisation and impairment £000	Revenues from external customers £000
Community, Client and Commercial Group	820	(4,615)	1,218	(4,741)
Planning, Housing and Regeneration Group	40	(977)	36	(931)
Strategic Services	-	(409)	-	(412)
Total included in cost of services	**860**	**(6,001)**	**1,254**	**(6,084)**
Financing & Investment income & Expenditure	-	(247)	-	(193)
Taxation and other Non-Specific Grant Income	-	(147)	-	(87)
Total included in Fees, Charges & other service income, Note 19	**860**	**(6,395)**	**1,254**	**(6,364)**

19. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2017/18 £000	Restated 2016/17 £000
Expenditure		
Employee benefit expenses	4,123	5,464
Other service expenses	35,635	34,944
Depreciation, amortisation, impairment	860	1,254
Revaluation losses on Property, Plant & Equipment	278	5
Loss on disposal of non-current assets (see note 9)	9	-
Interest payments	856	1,079
Precepts and levies	4,583	4,354
Total Expenditure	**46,344**	**47,100**
Income		
Fees, charges and other service income	(6,395)	(6,364)
Interest and investment income	(107)	(131)
Income from council tax and non-domestic rates	(11,843)	(11,445)
Government grants and contributions	(26,209)	(28,194)
Revaluation gains on Property, Plant and Equipment	(157)	(77)
Gains on disposal of non-current assets (see note 9)	(1,011)	(147)
Total Income	**(45,722)**	**(46,358)**
(Surplus) or Deficit on the Provision of Services	**622**	**742**

Employee benefit expenses in 2017/18 include the direct employee costs for the period 1st April 2017 to 31st October 2017, for employees paid directly by the council, prior to tupe transfer to Publica. Other Service Expenses in 2017/18 include the indirect employee costs for the period 1st November 2017 to 31st March 2018, included in the Publica contract sum for the period.

2016/17 gross income and gross expenditure restated to reflect correct position, with £77k gain on disposal of investment properties being reclassified as income. No impact on net deficit on provision of services.

20. PROPERTY, PLANT AND EQUIPMENT

2016/17 Other Land and buildings £000	2016/17 Vehicles, Plant and equipment £000	2016/17 Infra-structure assets £000	2016/17 Community assets £000	2016/17 Surplus assets £000	2016/17 Total £000		2017/18 Other Land and buildings £000	2017/18 Vehicles, Plant and equipment £000	2017/18 Infra-structure assets £000	2017/18 Community assets £000	2017/18 Surplus assets £000	2017/18 Total £000
						Cost or valuation						
6,225	4,182	607	41	626	11,681	At 1st April	6,373	3,055	630	166	681	10,905
75	162	44	109	-	390	Additions	-	187	32	(4)	-	215
73	-	-	-	60	133	Revaluation increases / (decreases) recognised in the Revaluation Reserve	901	-	-	-	743	1,644
-	-	-	-	(5)	(5)	Revaluation increases / (decreases) recognised in the surplus / deficit on the provision of services	(113)	-	-	-	(165)	(278)
-	(1,289)	(21)	-	-	(1,310)	Derecognition - disposals	-	(529)	(13)	-	-	(542)
-	-	-	16	-	16	Other Reclassifications	-	-	-	-	575	575
6,373	**3,055**	**630**	**166**	**681**	**10,905**	**At 31st March**	**7,161**	**2,713**	**649**	**162**	**1,834**	**12,519**
						Accumulated Depreciation and Impairment						
(119)	(1,762)	(236)	-	(1)	(2,118)	At 1st April	(53)	(1,677)	(249)	-	-	(1,979)
(108)	(790)	(18)	-	-	(916)	Depreciation charge	(117)	(576)	(20)	-	-	(713)
174	-	-	-	-	174	Depreciation written out to the Revaluation Reserve	32	-	-	-	-	32
-	875	4	-	-	879	Derecognition - disposals	-	512	2	-	-	514
(53)	**(1,677)**	**(250)**	**-**	**(1)**	**(1,981)**	**At 31st March**	**(138)**	**(1,741)**	**(267)**	**-**	**-**	**(2,146)**
6,320	**1,378**	**380**	**166**	**680**	**8,924**	**Net Book Value at 31st March**	**7,023**	**972**	**382**	**162**	**1,834**	**10,373**

Depreciation

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

- Buildings – 10 – 50 years, depending in the estimated useful life of the asset
- Vehicles, Plant, Furniture and Equipment – between 1 and 10 years, depending on the estimated useful life of the asset
- Infrastructure – 20 - 40 years.

Revaluation of Non-Current Assets

The council formally re-values its land and buildings on a rolling programme to ensure they are revalued at least every five years. Valuations at 31st March 2018 were carried out internally by David Thurlow MRICS. The basis of the valuations is shown in the Statement of Accounting Policies.

Valued at	Land and Buildings £000	Vehicles Plant and Equipment £000	Infra-structure £000	Community Assets £000	Surplus Assets £000	Total Property Assets £000
Historic Cost	-	2,713	648	162	-	3,523
Current Cost in:						
2015/16	2,224	-	-	-	-	2,224
2016/17	2,108	-	-	-	1,834	3,942
2017/18	2,830	-	-	-	-	2,830
Total	**7,162**	**2,713**	**648**	**162**	**1,834**	**12,519**

Non-current assets owned by the council include the following:

	Number of assets held at 31 March	
	2018	2017
Other Land and Buildings:		
Off Street Car Parks	18	18
Lorry Parks	1	1
Office Buildings	1	1
Public Conveniences	13	13
Cemetery Buildings	2	2
Swimming Pools	1	1
Vehicles, Plant and Equipment	30	38
Surplus Assets	17	11

Componentisation

Under the Code the council is required to account separately for expenditure on major building components incurred from 1st April 2010, so that they can be depreciated over their respective useful lives. No components were identified in 2017/18.

Fair Value Measurement of surplus Assets

The fair values of surplus assets valued at 31st March 2018 have been based on a market approach using current market conditions, recent sale prices and other relevant information for similar assets in the local area. The level of observable inputs is therefore significant, leading to the properties being categorised as Level 2 in the fair value hierarchy.

Reclassifications

During the year six assets were reclassified to Surplus from Investment Properties.

21. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 the assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The CFR is analysed in the final part of this note.

	2017/18 £000	2016/17 £000
Opening Capital Financing Requirement	**223**	**776**
Capital Investment:		
Property Plant and Equipment	215	370
Intangible Assets	112	159
Revenue Expenditure Funded from Capital under Statute	751	1,180
Sources of finance:		
Capital Receipts	(16)	(804)
Government grants and other contributions	(741)	(758)
Sums set aside from revenue:		
Direct revenue contributions	(321)	(147)
Minimum Revenue Provision	(177)	(553)
Closing Capital Financing Requirement	**46**	**223**
Explanation of movements in year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	-	-
Assets acquired under finance leases	(177)	(553)
Increase/(decrease) in Capital Financing Requirement	**(177)**	**(553)**

22. INVESTMENT PROPERTY

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

	2017/18 £000	2016/17 £000
Rental income from investment property	195	196
Direct operating expenses arising from investment property	(59)	(99)
Net gain/(loss)	**136**	**97**

There are no restrictions on the council's ability to realise the value inherent in its investment property or on its right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct, enhance or develop investment property, however some lease agreements require the council to repair and maintain properties.

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

	2017/18 £000	2016/17 £000
Balance at start of year	**2,887**	**2,970**
Disposals	-	(144)
Net gains/losses from fair value adjustments	157	77
Transfers:		
to Community	-	(16)
to Surplus	(575)	-
Balance at year-end	**2,469**	**2,887**

Fair Value measurement of Investment Properties

The fair values of Investment properties have been based on a market approach using current market conditions, recent sale prices and other relevant information for similar assets in the local area. Where existing rents have been capitalised, the yield has been obtained by using market knowledge and evidence. The level of observable inputs is therefore significant, leading to the properties being categorised at Level 2 in the fair value hierarchy. In estimating the fair values of the Investment properties, the highest and best use of the properties is their current use.

23. ASSETS HELD UNDER LEASES

Council as Lessee

Finance Leases

The council has acquired a number of refuse collection vehicles under finance leases. The assets acquired under these leases are carried as Property Plant and Equipment in the Balance Sheet at the following net amounts:

	2017/18 £000	Restated 2016/17 £000
Vehicles Plant and Equipment	46	223
	46	**223**

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

	2017/18 £000	2016/17 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current – payments due within 1 year	46	177
Non-current – payments due after 1 year	-	46
Finance costs payable in future years	1	11
Minimum lease payments	**47**	**234**

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Not later than 1 year	47	187	46	177
Later than 1 year and not later than 5 years	-	47	-	46
Later than 5 years	-	-	-	-
	47	**234**	**46**	**223**

Operating Leases

The council has acquired a number of assets by entering into operating leases. In addition, the council has entered into long-term agreements with a number of local schools to operate leisure facilities in premises owned by the schools, outside of the school opening hours. These agreements have been reviewed and it has been determined these are effectively operating leases although no rental payments are made; instead the council contributes to the running costs of the premises. For accounting purposes, it has been decided to disclose a notional payment of £1 per year per leisure centre.

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

	2017/18 £000	2016/17 £000
Vehicles and Equipment		
Not later than 1 year	9	9
Later than 1 year and not later than 5 years	1	3
Later than 5 years	-	-
	10	**12**

The expenditure charged to all service lines in the Comprehensive Income and Expenditure Statement during the year in relation to the Vehicle and Equipment leases was £13,788 (2016/17 £13,313).

Council as Lessor

Finance Leases

The council has leased a number of vehicles to Ubico Limited.

The council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the vehicles acquired by the lessee and finance income that will be earned by the council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts.

	2017/18 £000	2016/17 £000
Finance lease debtor (net present value of minimum lease payments):		
Current – payments due within 1 year	10	9
Non-current – payments due after 1 year	18	11
Unearned finance income	2	1
Gross investment in the lease	**30**	**21**

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

	Gross Investment in the Lease		Minimum Lease Payments	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Not later than 1 year	10	10	10	9
Later than 1 year and not later than 5 years	13	11	12	11
Later than 5 years	7	-	6	-
	30	**21**	**28**	**20**

The council has not set-aside an allowance for uncollectable debts in relation to its finance leases. Any outstanding debts would be accounted for within the Sundry Debtors bad-debt.

Operating Leases

The council owns a number of properties it leases to other organisations under operating leases. All the assets are held as Investment Properties. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2017/18 £000	2016/17 £000
Not later than 1 year	187	160
Later than 1 year and not later than 5 years	614	440
Later than 5 years	740	747
	1,541	**1,347**

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

24. INTANGIBLE ASSETS

	2017/18 £000	2016/17 £000
Balance at start of year:		
Gross carrying amounts	900	1,192
Accumulated amortisation	(734)	(847)
Net carrying amount at start of year	166	345
Additions:		
Purchases	112	159
Amortisation for the period	(148)	(338)
Net carrying amount at end of year	**130**	**166**
		Restated *
Comprising:		
Gross carrying amounts	820	900
Accumulated amortisation	(690)	(734)
	130	**166**

* Restated to include 2016/17 disposals.

25. FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried on the Balance Sheet:

	Long Term		Current	
	2017/18 £000	2016/17 £000	2017/18 £000	2016/17 £000
Financial Assets				
Investments - Loans and Receivables	4,000	4,011	4,017	12,014
- Available-for-sale	2,824	-	3,046	2,006
Total Investments	6,824	4,011	7,063	14,020
Cash & cash equivalents	-	-	4,157	4,006
Debtors – Loans and Receivables	1,012	1,195	1,383	728
Total Financial Assets	**7,836**	**5,206**	**12,603**	**18,754**
Financial Liabilities at amortised cost				
Finance Leases	-	46	46	177
Borrowings	-	-	2,001	-
Creditors – Loans and Receivables	-	-	2,211	3,034
Total Financial Liabilities	**-**	**46**	**4,258**	**3,211**

No financial assets or liabilities have been reclassified during the year.

Income, Expense, gains and losses

	2017/18				2016/17			
	Financial Liabilities measured at amortised cost £'000	**Financial Assets: Loans and receivables £'000**	**Financial Assets: Available-for-sale £'000**	**Total £'000**	**Financial Liabilities measured at amortised cost £'000**	**Financial Assets: Loans and receivables £'000**	**Financial Assets: Available-for-sale £'000**	**Total £'000**
Interest expense	2	-	-	2	-	-		-
Fee expense	-	-	-	-	-	-	1	1
Total expenses in Surplus or Deficit on the Provision of Services	**2**	**-**	**-**	**2**	**-**	**-**	**1**	**1**
Interest Income	-	(96)	(62)	**(158)**	-	(108)	**(34)**	**(142)**
Total income in Surplus or Deficit on the Provision of Services	-	**(96)**	**(62)**	**(158)**	-	**(108)**	**(34)**	**(142)**
(Net gain)/loss for the year	**2**	**(96)**	**(62)**	**(156)**	**-**	**(108))**	**(33)**	**(141)**

Fair Values of Assets and Liabilities

Financial liabilities and financial assets (represented by loans and receivables) 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 will take place over the remaining term of the instruments. As the majority of the assets and liabilities are instruments that will mature in the coming twelve months, the carrying amounts are deemed to approximate to fair value. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial assets (represented by Available-for-Sale assets) are carried on the balance sheet at fair value. Where an instrument will mature in the next twelve months the fair value is assumed to be equal to its cost, equal to its fair value on the purchase date. The valuation basis therefore uses Level 1 inputs in the fair value hierarchy (i.e. quoted prices in an active market).

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

The council's activities expose it to a variety of financial risks. The key risks are:

- credit risk – the possibility that other parties might fail to pay amounts due to the council
- liquidity risk – the possibility that the council might not have funds available to meet its commitment to make payments
- re-financing risk – the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous rates or terms

- market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates.

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

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure to the council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and financial institutions unless they meet identified minimum credit criteria in accordance with Fitch, Moody's and Standard and Poors ratings services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The full Investment Strategy for 2017/18 was approved by council on 23rd February 2017 and is available on the council's website.

The council used the creditworthiness services of Capita Asset Services (until November 2017) and Arlingclose Limited (from December 2017) during 2017/18. The maximum investment that could be made with an approved UK counterparty was £5 million, and with an approved non-UK counterparty £2 million in 2017/18. No breaches of the council's counterparty criteria occurred during the reporting period and the council does not expect any losses from non-performance by any of its counter-parties.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies of £13.887m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the council's investments but there was no evidence at 31st March 2018 that this was likely to crystallise.

The following analysis summarises the council's potential maximum exposure to credit risk (using investments outstanding and arranged at 31st March 2018), based on experience of default assessed by the ratings agencies and the council's experience of its customer collection levels over the last five financial years and adjusted to reflect current market conditions.

	Amount at 31 March 2018 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2018 % (c)	Estimated maximum exposure to Default £000 (a*c)
Deposits with banks and financial institutions				
AAA rated counterparties	-	-	-	-
A rated counterparties	5,016	0.060	1.18	59
Local Authorities	6,017	0.120	1.18	71
Unrated pooled Funds	2,854	0.000	0.00	-
	13,887			**130**

The historical experience of default has been taken from average one year default rates published by the three main rating agencies at March 2018, relating to 2017 figures. Whilst current economic conditions have raised the overall possibility of default, the council maintains strict credit criteria for investment counterparties.

The council also uses non-credit rated institutions, such as smaller building societies or bank subsidiaries where the parent has a satisfactory rating. In these circumstances, these investments are classified as Other Counterparties.

No breaches of the council's counterparty criteria occurred during the reporting period and the council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The council does not generally allow credit for its trade debtors as payment is due immediately. This means that all of the £377,094 trade debtor balance is technically past its due date for payment. The past due amount can be analysed by age as follows:

	2017/18 £000	2016/17 £000
Less than 3 months	371	381
3 to 6 months	6	4
	377	**385**

Liquidity risk

The council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If needed, the council has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise the finance to meet its commitments under financial instruments. The council has no long term borrowings and all trade and other payables are due to be paid in less than one year.

Interest rate risk

The council has limited exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the council depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates will have the following impacts:

- for investments held at variable rates higher interest income will be credited to the Comprehensive Income and Expenditure Statement.
- Investments held at fixed rates will experience a fall in their fair values.

The council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the council's prudential indicators and its expected treasury operations and includes an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Treasury team monitors market and forecast interest rates within the year to adjust exposures appropriately.

If all interest rates had been 1% higher during 2017/18, with all other variables held constant, the financial effect would be:

	£
Increase in interest receivable on variable rate investments	65,750
Impact on Surplus or Deficit on the Provision of Services	**65,750**

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

Price risk

The council, excluding the pension fund, does not generally invest in instruments with this type of risk.

Foreign exchange risk

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

26. INVENTORIES

	2017/18 £000	2016/17 £000
Waste wheeled bins	57	42
Other Inventories	13	7
Total Inventories	**70**	**49**

27. DEBTORS

LONG TERM DEBTORS	31 March 2017 £000	During 2017/18		31 March 2018 £000
		Additions £000	Repayments/ Write Offs £000	
Mortgages	6	-	4	2
Recycling Vehicles	1,169		187	982
Finance Lease - principal outstanding	20	17	9	28
	1,195	**17**	**200**	**1,012**

SHORT TERM DEBTORS	2017/18 £000	2016/17 £000
Debtors falling due within one year:		
Central Government bodies	1,158	253
Other Local Authorities	764	848
NHS bodies	20	10
Other entities and individuals	3,921	3,130
Prepayments	379	349
Total Debtors and Prepayments	**6,242**	**4,590**
Less Provision for Bad and Doubtful Debts:		
Other entities and individuals	(1,149)	(1,065)
Collection Fund	(176)	(172)
Total Provision for Bad and Doubtful Debts	**(1,325)**	**(1,237)**
Net Debtors and Prepayments	**4,917**	**3,353**

28. CASH AND CASH EQUIVALENTS

	2017/18 £000	2016/17 £000
Short term Deposits	3,576	3,761
Bank Current Accounts	581	245
Total cash and cash equivalents	**4,157**	**4,006**

29. SHORT TERM CREDITORS

	2017/18 £000	2016/17 £000
Creditors falling due within one year:		
Central Government bodies	1,148	504
Local Authorities	780	1,800
NHS Bodies	25	13
Other entities and individuals	3,009	2,888
Untaken Leave Accruals	3	58
Total Creditors and Receipts in advance	**4,965**	**5,263**

30. PROVISIONS

	Balance at 1st April £000	Additional provisions made in Year £000	Amounts used in Year £000	Unused Amount Reversed £000	Balance at 31st March £000
Short term					
General Insurance	1	-	-	-	1
Business rates retention – appeals	203	175	(162)	-	216
Redundancy and early retirement costs	79	-	(78)	(1)	-
Total 2017/18	**283**	**175**	**(240)**	**(1)**	**217**
Total 2016/17	**773**	**156**	**(644)**	**(2)**	**283**

General Insurance

The Insurance Provision was established to fund the cost of insurance policy excesses arising from claims against the council by third parties. The provision represents the value of an assessment of the council's liability in respect of the current insurance claims outstanding with the council's insurers. Transfers between the Insurance Provision and the Insurance Reserve are made in order to provide adequate funding for the outstanding claims liability notified by the insurance company.

The insurance reserve is used to fund losses for which the council does not carry insurance cover, fluctuations in insurance premiums and corporate risk management strategy implementation.

Business Rates Retention

The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1st April 2013.

From this date local authorities assume a share of the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This includes amounts paid over to central government in respect of 2012/13 and prior years. Consequently the council considers it necessary to make a provision to cover its share of the repayments likely to be made. The provision is based on the expected success rate of appeals lodged at 31st March 2018, and has been classified as short term to reflect the estimated time until settlement.

The provision currently stands at £216k to cover future estimated losses estimated to arise in 2017/18.

Redundancy and Early Retirement

The redundancy provision at 1st April 2017 relates to 1 member of staff due to leave in 2017/18. This provision was used in 2017/18, covering the decommissioning cost of this now former employee.

31. CONTINGENT LIABILITIES

Two Rivers Housing

The council transferred its housing stock to Two Rivers Housing on 31st March 2003. As part of the transfer arrangements the council provided a warranty to Two Rivers Housing and its funders covering future liabilities or claims that may occur in respect of land transferred to them. The warranty covers potential liabilities such as contamination caused by previous land use which could give rise to a potential risk to the occupants of houses built on the land.

The council decided to self-insure the liability instead of paying for insurance cover following an environmental study that concluded that the risk of contamination of the land is very low. A minimum sum of £2m will be retained within Useable Capital Receipts to cover this potential liability. These arrangements will be kept under review in 2018/19.

Municipal Mutual Insurance Limited

The council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992; the council became a party to the scheme of administration for liabilities outstanding at that time. Whilst there is a very low risk that the assets of the company will not meet the liabilities from insurance claims, the scheme guarantees that the council will reimburse the total of payments made in respect of claims less £50,000.

At 31st March 2018 this potential total liability equated to £82,104 made up as follows:

	2017/18 £
Gross claim payments to date	159,472
15% levy paid 2013/14	(16,421)
10% levy paid 2016/17	(10,947)
Net Payments	132,104
Levy retention	(50,000)
Potential liability 31st March 2018	**82,104**

This is kept under review annually to ensure that a solvent run-off of the company's business is still anticipated. The position has not changed during 2017/18, with a potential liability of £82,104 at 31st March 2017 and 31st March 2018. The likelihood and timing of any additional liabilities is unknown at this stage.

32. TRANSFERS TO / FROM EARMARKED RESERVES

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement on page 17. Movements in the *earmarked* reserves shown on the statement are detailed below:

	Balance at 1 April 2016 £000	Transfers out 2016/17 £000	Transfers in 2016/17 £000	Balance at 31 March 2017 £000	Transfers out 2017/18 £000	Transfers in 2017/18 £000	Balance at 31 March 2018 £000
Earmarked Reserves							
Capital Reserve	**1,546**	(709)	80	**917**	(483)	80	**514**
Equalisation Reserves	**1,037**	(545)	323	**815**	(114)	529	**1,230**
Repairs & Renewals Reserve	**714**	(468)	660	**906**	(512)	276	**670**
Reserves for Commitments	**118**	(118)	91	**91**	(84)	-	**7**
Other earmarked reserves	**4,641**	(1,048)	1,280	**4,873**	(1,144)	421	**4,150**
Total	**8,056**	**(2,888)**	**2,434**	**7,602**	**(2,337)**	**1,306**	**6,571**

Purpose of reserves

Capital Reserves – to finance the general fund capital programme and new initiatives**.**

Equalisation Reserves – to smooth out fluctuations in expenditure or income as a result of cyclical events, for example local elections. Also to cushion the impact of fluctuating activity levels (for example housing benefit payments) or movements in investment recovery, interest or exchange rates.

Repairs and Renewals Reserves – to meet the cost of planned and reactive repairs to buildings and infrastructure and to fund the renewals programme for computer equipment**.**

Reserves for Commitments – to cover the cost of budget commitments where spending did not take place in the year approved, but is planned to take place in the following year.

Other earmarked reserves – sums built up to cover the future costs of planned expenditure, for example organisational restructures and council initiatives**.**

33. UNUSABLE RESERVES

The council keeps a number of reserves on the Balance Sheet which do not represent usable resources for the council as they are required to be held for statutory reasons, or to comply with proper accounting practice.

Reserve	31st March 2018 £000	31st March 2017 £000	Purpose of Reserve
Revaluation Reserve	3,551	1,905	Store of gains on revaluation of non-current assets not yet realised through sales
AFS Financial Instruments Reserve	(175)	-	Store of gains and losses arising from changes in the fair value of Available-for-Sale financial assets not yet realised through sales
Capital Adjustment Account	9,374	9,848	Store of capital resources set aside to meet past expenditure
Collection Fund Adjustment Account	20	(52)	Balancing account to allow for differences in statutory requirements and proper accounting practices for council tax surpluses/deficits
Pensions Reserve	(33,434)	(35,971)	Balancing account to allow inclusion of Pension Liability in the Balance Sheet. The net liability arising from defined benefit obligation is £29,792, as shown in note 35. The difference between the liability and the reserve balance of £33,434k at 31st March 2018 relates to the prepayment of pension contributions made in 2017/18, in respect of the financial years 2018/19 and 2019/20. See note 35, page 74.
Deferred Capital Receipts Reserve	30	77	Holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place e.g. from mortgage repayments.
Accumulated Absences Account	(3)	(58)	Balancing account to allow for differences in statutory requirements and proper accounting practices for staff leave and additional hours not taken at the year end
Total Unusable Reserves	**(20,637)**	**(24,251)**	

Revaluation Reserve

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

	2017/18 £000	2016/17 £000
Balance at 1st April	**1,905**	**1,621**
Upward revaluation of assets	1,828	308
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(151)	-
Difference between fair value depreciation and historical cost depreciation written off to Capital Adjustment Account	(31)	(24)
Balance at 31st March	**3,551**	**1,905**

Available-for-Sale Financial Instruments Reserve

The Available-for-Sale Financial Instruments Reserve contains gains arising from increases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost, or when the investments are disposed of and the gains realised.

	2017/18 £000	2016/17 £000
Balance at 1st April	**-**	**-**
Downwards revaluation of investments not charged to surplus or deficit on the provision of services	(175)	-
Balance at 31st March	**(175)**	**-**

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 additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The account is credited with amounts set aside by the council as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on Investment Properties. 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. Note 5 provides details of the source of all the transactions posted to the account apart from those involving the Revaluation Reserve.

	2017/18 £000	2016/17 £000
Balance at 1st April	**9,848**	**10,480**
Reversal of items relating to capital expenditure debited or credited to CIES:		
Charges for depreciation and impairment of non-current Assets	(712)	(916)
Revaluation losses on Property Plant & Equipment	(278)	(5)
Amortisation of Intangible Assets	(148)	(338)
Revenue expenditure funded from capital under statute	(751)	(1,180)
Amounts of Non-current Assets written off on disposal or sale as part of the gain/loss on disposal to CIES	(28)	(576)
Newly identified existing asset	-	20
Adjusting amounts written out of the Revaluation Reserve	31	24
Net written out amount of the cost of Non-current Assets consumed in year	**(1,886)**	**(2,971)**
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	16	804
Capital grants and contributions credited to CIES that have been applied to capital financing	613	655
Application of grants to capital financing from the Capital Grants Unapplied Account	128	103
Statutory provision for the financing of capital investment charged against the General Fund	177	553
Capital expenditure charges against the General Fund	321	147
Movements in the market value of Investment Properties debited or credited to CIES	157	77
Financing and movement in the market value of Investment properties in year	**1,412**	**2,339**
Balance at 31st March	**9,374**	**9,848**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Account (CIES) as it falls due from council taxpayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2017/18 £000	2016/17 £000
Balance at 1st April	**(52)**	**(381)**
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	72	329
Balance at 31st March	**20**	**(52)**

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on the resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further information is shown within note 35 below.

	2017/18 £'000	2016/17 £'000
Balance at 1st April	**(35,971)**	**(30,555)**
Remeasurement of the net defined benefit liability	2,513	(5,643)
Reversal of items relating to retirement benefits charged or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,345)	(2,139)
Employers' pension contributions and direct payments to pensioners payable in the year	2,369	2,366
Balance at 31st March	**(33,434)**	**(35,971)**

Deferred Capital Receipts Reserve

This comprises capital receipts receivable in future years, for example from finance leases and mortgage repayments, which are not usable until they are received.

	2017/18 £000	2016/17 £000
Balance at 1st April	**77**	**28**
Transfer of deferred sale proceeds credited as part of the loss/profit on disposal to the CIES	(47)	49
Balance at 31st March	**30**	**77**

Accumulated Absences Account

This account absorbs the differences that would otherwise arise on the General Fund balance from accruing for leave earned but not taken. Statutory arrangements require that the impact on the general Fund Balance is neutralised by transfers to or from the account.

	2017/18 £000	2016/17 £000
Balance at 1st April	**(58)**	**(81)**
Settlement or cancellation of accrual made at the end of the preceding year	58	81
Amounts accrued at the end of the current year	(3)	(58)
Balance at 31st March	**(3)**	**(58)**

The majority of staff transferred to Publica Group (support) Limited at 1st November 2017. The accumulated absence liability in respect of these staff has been transferred to Publica Group, the cost of which is included in the Comprehensive Income & Expenditure Statement. The balance at 31st March 2018 represents the position for the staff remaining with the council at that date.

34. IMPAIRMENT LOSSES

During the year, the council has not recognised any impairment losses

35. DEFINED BENEFIT PENSION SCHEMES

Participation in the pension scheme

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

Forest of Dean District Council is a member of the Gloucestershire County Council Pension Fund, for which Gloucestershire County Council is the administering authority. It is contracted out of the State Second Pension. The scheme is a defined benefit statutory scheme that is administered in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).This means that the council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets.

The principle risks to the authority of the pension scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute, as described in the accounting policies note 1.3 on page 20.

Publica Group (Support) Limited

During 2017/18 the council transferred the majority of its staff under TUPE legislation to Publica Group (Support) Limited, a wholly owned local authority company, limited by guarantee, operating with Mutual Trading Status to deliver services on behalf of the council. The pension fund disclosure notes on the following pages include the staff transferred to Publica. All staff are pooled as the council continues to underwrite the pension liabilities on the whole scheme.

2018/19 and 2019/20 Up-Front Payment of Pension Scheme Deficit Contributions

In 2017/18 the council made an up-front payment of the LGPS deficit contributions for the two years 2018/19 and 2019/20 totalling £3.642 million. The up-front payment took advantage of the independent actuary's calculation of the return these contributions could achieve once invested by the Pension Fund.

The discount calculated by the actuary for making the up-front payment rather than the normal method of monthly payments in arrears over the two year period was £0.199 million, reducing total payments from £3.841 million to £3.642 million.

The return was judged to be far greater than could have been achieved by investing the amounts as part of the council's treasury management strategy, so the decision represented good value for money for the council.

The actual payment made in 2017/18 was £3.642 million, and the actuary calculated the Equivalent Discounted annual Lump Sums Certified across the 2 years as follows:

- £1.766 million relating to 2018/19, and
- £1.876 million relating to 2019/20

The Pension Liability at 31st March 2018 was reduced by the £3.642 million payment, and the full amount was reflected in the actuarial valuation as at 31st March 2018. The £1.776m relating to 2018/19 will be charged to the General Fund in the 2018/19 Statement of Accounts and the £1.876m will be charged in 2019/20, with the amounts credited to the Pension Reserve and charged to the General Fund via the Movement In Reserves Statement.

Transactions relating to post-employment benefits

We recognise the costs of retirement benefits in the Net 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 retirement benefits is reversed out of the General Fund in the Movement in Reserves Statement (MIRS). The following transactions have been made in the Comprehensive Income and Expenditure Statement (CIES) and the General Fund Balance via the MIRS during the year:

	2017/18 £000	2016/17 £000
Comprehensive Income and Expenditure Statement (CIES):		
Services Cost comprising:		
Current service cost	(1,443)	(853)
Past service costs/gain	(59)	(239)
Financing and Investment Income and Expenditure:		
Net interest expense	(843)	(1,047)
Total post-employment benefit charged to Surplus or Deficit on Provision of Services	(2,345)	(2,139)
Other post-employment benefit charged to CIES:		
Re-measurement of the net defined benefit liability comprising:		
Changes in demographic assumptions	-	339
Return on plan assets (excluding the amount included in the net interest expense)	1,023	6,804
Changes in financial assumptions	1,468	(13,318)
Other experience	22	532
Total post-employment benefit charged to CIES	**168**	**(7,782)**
Movement in Reserves Statement:		
Reversal of net charges made to Surplus or Deficit on Provision of Services for post-employment benefits in accordance with the Code	2,345	2,139
Actual amount charged against General Fund Balance for pensions in the year		
Employers' contributions payable to scheme	2,369	2,366

Pension Assets and Liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the council's obligation in respect of its defined benefit plan is as follows:

	2017/18 £000	2016/17 £000
Present value of the defined benefit obligation	(87,623)	(87,953)
Fair value of plan assets	57,831	51,982
Net liability arising from defined benefit obligation	**(29,792)**	**(35,971)**

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities Local Government Pension Scheme	
	2017/18 £000	**2016/17 £000**
Opening balance at 1st April	**(87,953)**	**(74,579)**
Current service cost	(1,443)	(853)
Interest cost	(2,185)	(2,580)
Contributions by scheme participants	(227)	(232)
Re-measurement gain/(loss):		
Arising from changes in demographic assumptions	-	339
Arising from changes in financial assumptions	1,468	(13,318)
Other experience	22	532
Past service costs	(59)	(239)
Liabilities extinguished on settlements	-	-
Benefits paid	2,624	2,841
Unfunded benefits paid	130	136
Closing Balance at 31st March	**(87,623)**	**(87,953)**
31st March 2017 – Present value of Funded liabilities	**(85,108)**	**(85,332)**
31st March 2017 – Present value of Unfunded liabilities	**(2,515)**	**(2,621)**
Closing balance 31st March	**(87,623)**	**(87,953)**

Reconciliation of movements in the fair value of the scheme (Plan) assets:

	Funded Assets Local Government Pension Scheme	
	2017/18 £000	**2016/17 £000**
Opening fair value of scheme assets	**51,982**	**44,024**
Interest income	1,342	1,533
Re-measurement gain/(loss):		
Return on plan assets (excluding the amount included in the net interest expense)	1,023	6,804
Contribution by employees into the scheme	227	232
Contribution by employer	5,881	2,230
Contributions by employer in respect of unfunded benefits	130	136
Unfunded benefits paid	(130)	(136)
Benefits paid	(2,624)	(2,841)
Closing fair value of scheme assets as at 31st March	**57,831**	**51,982**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

The Gloucestershire County Council pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 1st April 2016. The significant assumptions made in their calculations have been:

	Local Government Pension Scheme	
	2017/18 £	2016/17 £
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	22.4 years	22.4 years
Women	24.6 years	24.6 years
Longevity at 65 for future pensioners*		
Men	24.0 years	24.0 years
Women	26.4 years	26.4 years
Rate of inflation/pension increase (CPI)	2.4%	2.4%
Rate of increase in salaries	2.7%	2.7%
Rate for discounting scheme liabilities	2.6%	2.5%

* Future pensioners numbers assume members aged 45 at the time of the last formal valuation date.

Local Government Pension scheme assets at 31st March comprised:

	Fair Value of Scheme Assets 2017/18			Fair Value of Scheme Assets 2016/17		
Asset Category	**Quoted prices in active markets £000**	**Quoted prices not in active markets £000**	**Total £000**	**Quoted prices in active markets £000**	**Quoted prices not in active markets £000**	**Total £000**
Equity Securities:						
Consumer	2,805.3	-	2,805.3	2,521.6	-	2,521.6
Manufactoring	1,503.9	-	1,503.9	1,351.8	-	1,351.8
Energy & Utilities	1,100.3	-	1,100.3	989.0	-	989.0
Financial institutions	2,324.1	-	2,324.1	2,089.1	-	2,089.1
Health & Care	929.8	-	929.8	835.8	-	835.8
Information Technology	143.6	-	143.6	129.1	-	129.1
Other	1,753.0	-	1,753.0	1,575.7	-	1,575.7
Debt Securities:						
Corporate Bonds - investment grade	2,713.1	-	2,713.1	2,438.7	-	2,438.7
Corporate Bonds - non investment grade	208.6	-	208.6	187.5	-	187.5
UK Government	4,188.8	-	4,188.8	3,765.1	-	3,765.1
Other	635.8	-	635.8	571.5	-	571.5
Private equity:						
All	-	147.0	147.0	-	132.1	132.1
Real Estate:						
UK Property	2,818.1	904.0	3,722.1	2,533.1	812.6	3,345.7
Overseas property	-	313.8	313.8	-	282.1	282.1
Investment Funds and Unit Trusts:						
Equities	2,296.8	26,106.8	28,403.6	2,064.5	23,466.3	25,530.8
Bonds	3,497.0	324.5	3,821.5	3,143.3	291.7	3,435.0
Other (2016/17 restated)	-	2,236.9	2,236.9	-	2,010.6	2,010.6
Derivatives:						
Foreign Exchange	32.5	-	32.5	29.2	-	29.2
Other	12.0	-	12.0	10.8	-	10.8
Cash & Cash equivalents:						
All	835.3	-	835.3	750.8	-	750.8
Totals	**27,798.0**	**30,033.0**	**57,831.0**	**24,986.6**	**26,995.4**	**51,982.0**

The Local Government Pension Scheme's assets consist of the following categories by proportion of the total assets held:

	2017/18 %	Restated 2016/17 %
Equity investments	80	80
Bonds	12	12
Property	7	7
Cash	1	1
Total	**100**	**100**

Commutation

An allowance is included for future retirements to elect to take 35% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 68% of the maximum tax-free cash for post April 2008.

Sensitivity analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the 31st March 2018, and assumes for each change that the assumption analysed changes whilst all other assumptions remain constant. The methods and types of assumptions used in preparing the sensitivity analysis did not change from those used in the previous financial year.

Change in assumptions at year ended 31st March 2018	Approximate % increase to Employer	Approximate cost to Employer £000
0.5% decrease in Real Discount Rate	9	7,621
0.5% increase in the Salary Increase Rate	1	990
0.5% increase in the Pension Increase Rate	7	6,535

The above figures have been derived based on the membership profile of the scheme as at the most recent actuarial valuation, being 31st March 2016.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis, with the next triennial valuation due on 31st March 2019. The council is anticipated to pay employers contributions of approximately £605k for the period 1st April 2018 to 31st March 2019. The weighted average duration of the defined benefit obligation for scheme members is 16.2 years as at 31st March 2018 (16.2 years as at 31st March 2017).

36. CASH FLOW STATEMENT – NON-CASH ITEMS INCLUDED IN SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES

The cash flows from operating activities include the following items:

	2017/18 £000	2016/17 £000
Interest received	(159)	(143)
Interest paid	13	34

The surplus on the provision of services has been adjusted for the following non-cash movements:

	2017/18 £000	2016/17 Restated £000
Depreciation	(712)	(915)
Impairment and downward valuations	(278)	(5)
Amortisation	(148)	(339)
Movement in bad debt provision	(84)	(88)
Increase (-) / decrease in creditors*	(56)	(1,071)
Increase / decrease (-) in debtors	1,494	851
Increase / decrease (-) in inventories	20	(63)
Movement in pension liability	3,666	227
Carrying amount of non-current assets sold or derecognised	(28)	(556)
Other non cash items charged to the net surplus or deficit on the provision of services	223	568
Non - cash items included in the surplus or deficit on the provision of services	**4,097**	**(1,391)**

*Restated to exclude net cash received on Council tax and NNDR agency accounts

The surplus on the provision of services has been adjusted for the following financing activities:

	2017/18 £000	2016/17 £000
Proceeds from the sale of PPE, investment property and intangible assets	1,012	692

37. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2017/18 £000	2016/17 £000
Purchase of property, plant and equipment, investment property and intangible assets	377	453
Purchase of Investments	15,000	36,000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,009)	(644)
Proceeds from the sale of short and long term investments	(19,000)	(32,000)
Other receipts from investing activites	(28)	-
Net cash (inflows) / outflows from investing activites	**(4,660)**	**3,809**

38. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2017/18 £000	2016/17 Restated £000
Cash payments for the reduction in finance lease liabilities	177	553
Other receipts for financing activities*	601	(305)
Cash receipts of short and long term borrowing	(2,000)	-
Net cash flows from financing activites	**(1,222)**	**248**

*Restated to show net cash received on council tax and NNDR agency accounts

THE COLLECTION FUND - INCOME AND EXPENDITURE ACCOUNT

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund. It shows the transactions in relation to Business Rates and Council Tax and how these have been distributed to the Government, major preceptors and the General Fund.

2016/17 £000		Note	2017/18 £000
	INCOME		
44,729	**Council Tax**	1	47,056
12,654	**Non-Domestic Rates**	3	12,212
-	**Transitional protection payments - non domestic rates**		753
1,622	**Contribution towards previous year's deficit - non-domestic rates**		287
59,005	**Total Income**		**60,308**
	EXPENDITURE		
43,673	**Precepts & Demands from major preceptors and the Authority - Counc**	2	46,063
	Non-Domestic Rates	3	
6,131	Shares paid to county council and the billing authority		6,261
6,131	Payment of central share to government		6,261
111	Transitional protection payments		-
119	Charge payable to General Fund for Costs of Collection		119
87	Other transfers to General Fund per the NDR regulations		147
	Impairment of debts/appeals for Council Tax		
52	Increase in provision		73
	Impairment of debts/appeals for non-domestic rates		
336	Increase in provision		454
1,455	**Contribution towards previous year's surplus - Council Tax**	2	1,249
58,095	**Total Expenditure**		**60,627**
910	**Surplus / (Deficit) for the Year**		**(319)**
(208)	Balance of fund at 1st April		**702**
702	**Balance of fund at 31st March**	4	**383**

NOTES TO THE COLLECTION FUND

1. COUNCIL TAX

Council Tax is levied as an amount per property. Each property is allocated to a tax band depending on its assessed value, with Z being the lowest value and H being the highest. For the purposes of creating a tax base, each band is defined as a proportion of a band D property. For example a band B property is defined as 7/9ths of a band D property.

The tax base is calculated in terms of band D equivalent properties and reflects a projected collection rate (98.5%) which anticipates changes during the year arising from successful appeals against valuation banding, new properties, demolition, disabled persons relief and exemptions.

The tax rate, expressed as an amount per band D property, is calculated by aggregating demands on the Collection Fund from Forest of Dean District Council, Gloucestershire County Council, Gloucestershire Police and Crime Commissioner and the various parish councils throughout the district and dividing it by the tax base.

The tax base for 2017/18 was as follows:

Band	Number of chargeable dwellings	Proportion to Band D	Band D equivalent	Tax base
A disabled	8.50	5/9	4.72	4.65
A	3,820.48	6/9	2,546.99	2,508.78
B	7,357.92	7/9	5,722.82	5,636.98
C	7,035.51	8/9	6,253.79	6,159.98
D	5,005.48	1	5,005.48	4,930.40
E	3,740.25	11/9	4,571.41	4,502.84
F	1,849.91	13/9	2,672.10	2,632.02
G	902.84	15/9	1,504.74	1,482.17
H	64.11	2	128.22	126.29
Armed Forces Class O contribution in lieu of council tax			170.34	170.34
Council Tax base at 31st March 2018			28,580.61	28,154.45
Council tax collectable (excl Parish Precepts)				£43,993,581
Parish Precepts collectable				£2,060,437
Total tax collectable				£46,054,018
Band D tax for 2017/18 (excl Parish Precepts)				£1,562.58

2. PRECEPTS AND DEMANDS

Significant precepts on the fund for 2017/18 were as follows:

	Precept £000	Surplus £000	Total £000
Gloucestershire County Council	33,201	897	34,098
Gloucestershire Police & Crime Commissioner	6,039	166	6,205
Forest of Dean District Council	6,814	186	7,000
Special Precepts	9	-	9
	46,063	**1,249**	**47,312**

3. BUSINESS RATES

Under the arrangements for uniform business rates, the council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by the government. Certain reliefs are available and the figure shown is net of these reliefs. Up until 2012/13 the total amount collectible for the year, less deductions for the cost of collection and bad and doubtful debts, was paid to a central pool (NNDR pool) managed by central government, which in turn paid back to authorities' general funds their share of the pool based on a standard amount per head.

From 1st April 2013 the Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities' general funds to retain a proportion of the business rates generated in their area, subject to their general funds paying a 'tariff' payment to the government if the amount exceeds a 'baseline funding' level or receiving of a 'top-up' if it is below the funding level.

District Councils such as Forest of Dean receive 40%, County Councils 10% and central government 50% of business rates collectible, with write offs, provision for impairment of debts and any surplus or deficit generated being shared in the same proportions. If growth exceeds a certain threshold then the council's general fund must pay a 'levy' to central government on the extra growth, or if the rates collectible fall below a certain amount the council receives a 'safety net' payment from the government.

The council is a member of the Gloucestershire Business Rates Pool, in which any levy payment or safety receipt is 'pooled' across several authorities. This enables each pool member to benefit from a lower levy rate payable should the growth in its business rates exceed its levy threshold, whilst receiving from the pool a safety net payment should its rates fall below its safety net threshold, contributed by the pool member.

In 2017/18 the authority benefited from a Pool distribution of £386,802.

The total non-domestic rateable value at 31st March 2018 was £39.90 million (£34.90 million at 31st March 2017) and the national non-domestic multipliers for 2017/18 were 47.9p (49.7p in 2016/17) (standard rate) and 46.6p (48.4p in 2016/17) (small business rate), resulting in gross income of £12.21 million in 2017/18 (£12.75 million in 2016/17).

4. FUND BALANCE

The fund balance for council tax is shared between the council and its major precepting authorities (Gloucestershire County Council and the Gloucestershire Police & Crime Commissioner), in proportion to their precepts. The fund balance for non-domestic rates is shared between the council, Gloucestershire County Council and central government, in the statutory proportions.

The respective authorities' share of the balance is as follows:

Council Tax

	FODDC share £000	County Council share £000	Police share £000	Central Government Share £000	Total £000
Balance at 1st April 2017	173	812	154	-	1,139
Increase in the Year	(55)	(227)	(47)	-	(329)
Balance at 31st March 2018	**118**	**585**	**107**	**-**	**810**

Business Rates

	FODDC share £000	County Council share £000	Police share £000	Central Government Share £000	Total £000
Balance at 1st April 2017	(175)	(44)	-	(218)	(437)
Increase in the Year	4	1	-	5	10
Balance at 31st March 2018	**(171)**	**(43)**	**-**	**(213)**	**(427)**
Fund Balance at 31st March 2018	**(53)**	**542**	**107**	**(213)**	**383**

GLOSSARY OF FINANCIAL TERMS

ACCOUNTING CODE OF PRACTICE
Although the preparation and control of accounting is regulated, there is no statutory basis for accounting entries. Instead, Local Authorities have to comply with the CIPFA/LASAAC Code of Practice on Local authority accounting in the United Kingdom (The Code).

ACCOUNTING PERIOD
This is the length of time covered by the accounts. It is normally a period of 12 months commencing on 1 April. The end of the accounting period is the balance sheet date.

ACCOUNTING POLICIES
The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.

ACCOUNTS
A generic term for statements setting out details of income and expenditure or assets and liabilities or both, in a structured manner. Accounts may be categorised either by the type of transactions they record, e.g. revenue account, capital account or by the purpose they serve, e.g. management accounts, final accounts, balance sheets.

ACCRUAL
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

ACTUAL
Actual, as opposed to budget, expenditure and income directly attributable to an accounting period.

ACTUARIAL BASIS
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

AUDIT OF ACCOUNTS
An audit is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

BALANCES
Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied, at the discretion of the council, to reduce future demands on the Collection Fund or to meet unexpected costs during the year. Balances on holding accounts and provisions are available to meet expenditure in future years without having adverse effect on revenue expenditure.

BILLING AUTHORITY
The authority that sets council tax and collects it from council tax payers.

BUDGET
A financial plan that expresses an organisation's service delivery plans and capital programmes in monetary terms.

BUDGET STRATEGY
A document setting out how an organisation is going to meet its policies and priorities, taking into account the resources available to the organisation. This will include proposals for efficiency savings and possible service changes or reductions, which may free up resources for use on other policies or priorities.

CAPITAL EXPENDITURE
This is expenditure on items providing benefits to the organisation over more than one year, such as land, buildings or vehicles.

CAPITAL FINANCING
This describes the various sources of finance used to pay for capital expenditure. There are various options available and used by the council: capital receipts, capital grants, capital contributions and revenue financing.

CAPITAL GRANTS
Grants received towards capital expenditure on a specific service or project.

CAPITAL PROGRAMME
This is a financial plan of the capital expenditure projects that the organisation intends to carry out over a specified time period.

CAPITAL RECEIPT
This is income resulting from the sale of assets such as land or property. The Government decides what proportion of each capital receipt can be used by the council to finance new capital expenditure. Capital receipts cannot be used to fund revenue expenditure.

CASH AND CASH EQUIVALENTS
Cash in hand plus deposits in banks or building societies, repayable on demand or within 24 hours, and deposits maturing within 3 months of the date taken out.

CIPFA
The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and other public bodies. The Institute provides financial and statistical information services for local government and advises central Government and other bodies on local government and public finance matters.

COLLECTION FUND
This is a statutory fund kept separate from the main accounts of the council. It records all income due from council Tax and National Non Domestic Rates and shows how that income was shared between central government, the County Council and the Police and Crime Commissioner.

CONSISTENCY
One of the fundamental accounting concepts, it requires accountants to treat similar items of income and expenditure in the same way both within an accounting period and from one accounting period to the next.

CONTINGENT ASSET
An asset which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example a claim for compensation that a council is pursuing through the due legal process, where the outcome will only be decided by the decision of the courts

CONTINGENT LIABILITY
A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example, the default by a borrower on a loan from a third party for which the council has given a guarantee.

COUNCIL TAX
A local tax levied on dwellings within the local authority area. The level of taxation is based on the capital value of the property, which is categorised into one of eight bands from A to H, and the number of people living in the dwelling.

CREDITOR
Amounts owed by the council for work done, goods received or services rendered within the accounting period, but for which payment was not made at the balance sheet date.

CURRENT ASSETS
Assets which can be expected to be consumed or realised during the next accounting period.

CURRENT LIABILITIES
Amounts which will become due or could be called upon during the next accounting period.

DEBTOR
An amount due to an organisation within the accounting period not received at the balance sheet date.

DEPRECIATION
A charge made to the revenue account each year that reflects the reduction in value of assets used to deliver services. This is the loss in value of an asset, owing to age, wear and tear, deterioration, or obsolescence.

EMPLOYEE COSTS
These include salaries, wages and employers' national insurance and pension contributions, together with training expenses and charges relating to the index-linking of pensions of former employees.
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ESTIMATE
Original estimate: the estimate for the new year approved before the start of the financial year, usually at the previous November's price levels.

Revised estimate: the original estimate for the year updated by price changes since it was prepared and by supplementary estimates and virements.

Supplementary estimate: an amount approved by the council to be spent in excess of the original estimate.

FINAL ACCOUNTS
Accounts prepared for an accounting period, usually in a summarised form. They include a statement showing the net surplus (profit) or deficit (loss) on the provision of services and a balance sheet. They are produced as a record of steward-ship for interested parties. Local authorities are required by the Accounts and Audit Regulations 2015 to publish a Statement of Accounts at the end of each financial year.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee (the person or organisation leasing the asset).

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

IMPAIRMENT
Impairment of an asset is caused by a consumption of economic benefits (e.g. physical damage such as an office fire) or a deterioration in the quality of service provided by the asset (e.g. an industrial unit closing and becoming a storage facility), or by a general fall in prices of that particular asset or class of assets.

INTEREST

An amount received or paid for the use of a sum of money when it is invested or borrowed.

INTERNATIONAL FINANCIAL REPORTING STANDARDS
Provide the required accounting treatment and disclosure of transactions so that an organisation's financial statements present fairly the financial position of the organisation.

INVENTORIES
Items of raw materials and stores that the council has bought to use on a continuing basis but has not yet used.

MATERIALITY
One of the main accounting concepts, it ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

NATIONAL NON-DOMESTIC RATES
An NNDR rate (multiplier) is set annually by central government and is applied to the rateable value of a business to calculate the non-domestic rates collected by Billing Authorities. The rates collected are shared between central government, district and county councils in statutory proportions.

NON CURRENT ASSET
Assets which can be expected to be of use or benefit to the council for more than one accounting period.

OPERATING LEASE
A lease under which the ownership of the asset remains with the lessor (the person or organisation leasing the asset) and is equivalent to contract hiring.

PRECEPT
The levy made by a precepting authority (County Council, Police Authority, Parish Council) on the billing authority, requiring it to collect income from Council Taxpayers on their behalf.

PROVISION
A sum of money set aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not know with certainty.

REVENUE EXPENDITURE
Expenditure on the day to day running costs of the council such as wages and salaries, utility costs, repairs and maintenance.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Expenditure which can by law be financed from capital resources (e.g. capital receipts) but which does not result in a non-current asset for the authority e.g. renovation grants.

REVENUE SUPPORT GRANT
A general grant paid by central Government to local authorities to provide the services that it is responsible for delivering.

TEMPORARY BORROWING
A sum of money borrowed for a period of less than one year.

VALUE FOR MONEY
An expression describing the benefit obtained (not just in financial terms) for a given input of money. The phrase is widely used within public bodies, but there are many difficulties in its use because value is a subjective measure and there are rarely supporting objective measures. The council's external auditor is required to consider value for money with the three objectives of economy of input, efficiency of operation and effectiveness of output in service provision.

ANNUAL GOVERNANCE STATEMENT 2017/2018

1. SCOPE OF RESPONSIBILITY

Forest of Dean District Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control

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

In discharging these responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The Council has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)" ('the Framework'). This statement explains how the Council has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the Council to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

In addition to this, CIPFA issued its "Statement on the Role of the Chief Finance Officer in Local Government (2015)". The Annual Governance Statement (AGS) reflects compliance of this statement for reporting purposes. The Council's Chief Finance Officer is the Statutory Section 151 Officer (S151 Officer).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

The governance framework has been in place at Forest of Dean District Council for the year ended 31st March 2018 and up to the date of approval of the Annual Statement of Accounts.

3. THE GOVERNANCE ENVIRONMENT

The key elements of the Council's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the Council's vision and its implications for the Council's governance arrangements;
- Measuring the quality of services for users, ensuing that they are delivered in accordance with the Council's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff*;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the Council's financial management arrangements conform with the governance requirements of the *CIPFA* Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- Whistleblowing and for receiving and investigating complaints from the public;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the Council's overall governance arrangements.

* Applies to employees of Publica, a wholly owned company of the 4 partner councils (Forest of Dean, Cotswold, and West Oxfordshire District Council's and Cheltenham Borough Council) delivering services on behalf of the Council.

The main areas of the Council's governance framework, and the key evidence of delivery, are set out below, under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016)

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law • Behaving with Integrity • Demonstrating strong commitment to ethical values • Respecting the rule of the law
• The roles and responsibilities of Members generally and all office holders are set out in the Council's Constitution, along with the way in which the various elements of the Council interact and complement each other. The Constitution is supported and underpinned by separate Codes of Conduct for Members and Officers, and a joint Member / Officer Protocol, which sets out guidelines as to behaviour and practical issues. • Declarations are made at meetings by Members, and Officers, where appropriate and are recorded in the minutes of the meeting. The Members Code of Conduct requires Members to make declarations of interest when necessary, these are also recorded. • Registers of interest are completed annually by Members and Officers and a register of gifts and hospitality is maintained • The Monitoring Officer and S 151 Officer report directly to the Head of Paid Service and are members of the Corporate Leadership Team. Sue Pangbourne, Publica Executive Director, and Andy Barge, Publica Group Manager, are also invited to the fortnightly leadership team meetings. • Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to Management and to Members via the Council's Audit Committee. • Whistleblowing policies have been updated and have been ratified by Cabinet. Gloucestershire wide counter-fraud unit has been established to help prevent and detect fraud and corrupt practices, including misuse of power. The service reports to Audit Committee twice a year.
B. Ensuring openness and comprehensive stakeholder engagement • Openness • Engaging comprehensively with institutional stakeholders • Engaging with individual citizens and service users effectively
• Annual accounts are published in a timely manner to help communicate the Council's financial position and performance. • An Annual Report is published each year, which summarises financial and other performance over the previous financial year and sets out the Corporate Plan for the current year. • All Committee, Cabinet and Council reports clearly outline their purpose, so the community can understand what is trying to be achieved. Reports also address financial legal, equalities, risk and sustainability implications to aid understanding of the potential impact of their recommendations. • The roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions are defined in the Council's Constitution • A Scheme of Delegation for officers is included within the Constitution

- Communication channels with staff include one-to-one meetings and an intranet site.
- A Customer Feedback form is available publicly for handling comments, complaints and compliments.
- Ensuring clear channels of communication with all sections of the Community and other Stakeholders
- The ability for Members of the Public to ask questions at Cabinet meetings, Overview and Scrutiny Committee meetings and meetings of the Full Council.
- A report is produced annually regarding the performance of the council and the achievement of its aims and objectives. The report is published on the Council's website.
- The Council publishes Transparency data on its website which includes, supplier payments, Senior Management Structure Charts, Annual Pay Policy Statement. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information Request and the procedure that will be followed to answer the request.

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

- Defining outcomes
- Sustainable economic, social and environmental benefits

- The Council's vision is contained within the Corporate Outcomes and Objectives (revised 2017), which also states the Aim and Priorities of the organisation. Corporate and Service Plans are drafted and updated annually to support the delivery of the Council's Aim and Priorities.
- An annual service planning process informed by the corporate priorities and objectives (as set out in the Annual Report, which includes the Corporate Plan and Budget Report), legislation and government guidance – which links to individual performance appraisals.
- The Corporate Strategy deals with the Council's approach to environment and sustainability issues. Detailed proposals arising from the Corporate Strategy are individually assessed as they are developed and are included within decision making reports to Members.
- The financial implications of delivering against the Council's Aim and Priorities are included within the Council's Medium Term Financial Strategy, Revenue Budgets and Capital Programme. These key financial documents are updated annually in advance of the forthcoming financial year.

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

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

- The Council has, with three other Councils, created a company, Publica Group Ltd, to deliver more efficient and improved services. Processes have / are being aligned to ensure consistency across the partner Councils. Publica is the Council's most significant contractor. In recognition of this, the Council will monitor the contractor's performance by:
  - Considering Publica's Annual Report at Council;
  - Considering Publica's draft Business Plan annually at the Strategic Overview and Scrutiny Committee and Cabinet in February each year;
  - Requiring, as appropriate, representatives from Publica to attend relevant Scrutiny Committee(s) to support discussion on quarterly performance reports;

- Receiving monthly “Keeping You Connected” updates by email from Publica to all Members;
- Meet with Cabinet together with Members from other parties/scrutiny representatives on a quarterly basis to discuss: progress against the Business Plan; identify any key risks and challenges outside of the company or Council control; budget monitoring and service delivery matters;
- Develop mechanisms to share best practice, learning and Councillor development.

- In addition to the creation of Publica, the Council continues to secure savings through its procurement processes

- The Council has processes in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities. Corporate processes such as risk management, development and delivery of Corporate and Service Plans, performance management processes, budget monitoring and other management processes are designed to capture and incorporate these external factors and to enable the Council to respond appropriately.

- Strategic risk registers are discussed and reported quarterly to the Audit Committee.

- KPIs are identified and included in the service delivery plans for each service, these are reported quarterly

- Budgets are prepared annually in accordance with objectives, strategies and the Medium Term Financial Strategy, following consultation with customers, stakeholders and officers.

- The Medium Term Financial Strategy is a live document and can be reviewed, updated and reported as necessary, to respond to the changing environment.

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

- Developing the entity’s capacity
- Developing the capability of the entity’s leadership and other individuals

- One of the reasons behind the creation of Publica is to increase capacity across the four partner councils by sharing common processes and procedures and eliminating (as far as possible) single points of failure. By working in partnership, the Councils are able to share the cost of commissioning bespoke, specialist advice.

- The move to provision of services via wholly owned companies is providing the opportunity to engage with a number of Non-Executive Directors that bring a wealth of experience from a range of different economic sectors

- There is a Scheme of Delegation at Member level covering the Council, Cabinet, Individual Cabinet Members and Other Committees. Similarly, there is a scheme of Delegation for officer decisions at Executive, Non-Executive and Regulatory meetings. These are reviewed by the Constitution Working Group who pass recommendations to Full Council for approval .

- Financial Rules were published in 2012; minor changes to the Rules to reflect operational practice were made by the Council's Chief Finance Officer in July 2015 and reported to the Cabinet. The Financial Rules are due to be updated during 2018/19 to reflect changes resulting from the introduction of the new service delivery companies and other operational updates.

- An induction programme is available to new employees and members alike. Training is also provided for both Members and Officers on an on-going basis as appropriate and necessary. Members on certain Committees (e.g. Planning and Licensing) are required to undertake training before attending the Committee meetings.

- Officers undertake regular performance reviews by way of an appraisal process. Officers discuss actions and training for the forthcoming year and plan how this will be actioned. Typically, two review meetings are scheduled for the year to ensure key objectives are being met and finally a review of the year meeting is scheduled to discuss the officer's performance over the year. Officers are encouraged to complete Continuing Professional Development as relevant to their professional qualifications and service areas hold budgets to ensure that training can be undertaken to maintain skills and knowledge.

- The Head of Paid Service and The Leader of the Council have clear responsibilities. Roles and responsibilities are contained within the Constitution along with the Member/Officer Protocol.

- The Council takes the health & well-being of its employees very seriously. The Council has designated HR Business Partners from Publica HR working in the business to give advice and guidance to a wide range of Human Resources (HR) topics to managers and employees. The Publica HR team have Learning and Development and a Health and Safety (H&S) functions that can also support managers and employees in the modern work environment by offering courses, wellbeing assessment and techniques to remain fit and well.

- Each Council has key HR & H&S guidance available to employees on the HR Pages of its intranet. The Council works with an Occupational Health Provider for medical assessments and also offers a free self-referral confidential counselling service where employees can access up to 4 sessions of counselling to help them with work and non-work related issues. The Council also works in partnership with the two recognised Trade Unions (GMB & Unison) to ensure that the health & wellbeing of its employees is regularly kept under review.

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

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

- Responsible officers are required to maintain Service / Operational Risk Registers and Senior Officers review the Strategic Risk Register on a quarterly basis. The Strategic Risk Register is reported to Members and Cabinet on a regular basis.

- Risks are identified when undertaking Internal Audit reviews and reported when necessary.

- Performance Management measures the quality of service for users to ensure services are delivered in accordance with the Council's objectives and represent best use of resources.

- Performance is measured on a regular basis and reported to Members and Cabinet.

- Minutes of meetings are published and highlight the challenge made by Members to Officers/Cabinet Members.
- The Internal Audit service is provided by SWAP Internal Audit Services and is run in partnership with other local authorities. The internal audit team will provide the internal audit service to both the Council and Publica Group (Support) Ltd which strengthens the Council's oversight of Publica as its most significant contractor. The Audit Committee will receive an executive summary of the SWAP Internal Audit Services report of Publica Group (Support) Ltd.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the S151 Officer. The Audit Plan is approved at Audit Committee prior to the financial year.
- Audit reports once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion of the audit and findings reported to Audit Committee.
- The Audit Committee's Terms of Reference are contained within the Constitution, members have experience of a scrutiny role and training is provided when appropriate.
- A County Wide Counter Fraud Unit has been established and supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework. The Counter Fraud Unit will liaise with the Internal Audit team to ensure the improvements are followed up and implemented by Management.
- An ICT Audit and Compliance Manager has responsibility for Data Protection policies and ensuring officers are informed.
- The Council is part of the Gloucestershire Information Sharing Partnership. This will enable data to be shared when necessary.
- Audit reviews ensure data is held securely whether electronic or hard-copy.
- The MTFS is reviewed and updated on a regular basis to ensure the S151 Officer, Head of Paid Service and Members are aware of the financial standing of the Council

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

- **Implementing good practice in transparency**
- **Implementing good practices in reporting**
- **Assurance and effective accountability**

- The Council publishes an Annual Report which reports on the Council's activities for the previous financial year. Data in respect of transparency is published on the Council's website.
- The Council's Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the Council has met its governance reporting obligations
- External Audit recommendations are reported to Audit Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed-up and reported to Audit Committee, further follow-up is planned if recommendations haven't been actioned in full.

- The Council requested a peer challenge which will commence in July 2018. Peer challenges are improvement focussed and tailored to meet individual council's needs and are designed to complement and add value to a council's own performance and improvement focus.

4. REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers, the annual opinion from the Head of Internal Audit, the officer Corporate Governance Groups and comments made by the external auditors, other review agencies and inspectorates and the Audit Committee.

The Council's process for maintaining and reviewing the effectiveness of the governance framework has included the following:
Heads of Service complete an Annual Assurance Statement at the end of the financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement. Corporate Team (including the S151 Officer and the Monitoring Officer) review the Corporate Risk Register on a quarterly basis and Service Risk Registers are maintained by each Manager/Head of Service. The SWAP Assistant Director (Head of Internal Audit) provides the Audit Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the Council, which includes its governance arrangements. Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined by a Standards Committee including an Independent Person(s). Induction processes are carried out for newly elected members. The S151 Officer ensures training and awareness sessions are carried out for the Audit Committee periodically. The External Auditors (Grant Thornton) present progress reports to the Audit Committee. The External Auditor's Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit Committee. Quarterly performance reports, including the Corporate Risk Register and budget position, are presented to Cabinet and the appropriate Committee, demonstrating performance management against agreed Service Plans, performance indicators and budgets. The Audit Committee reviews the Annual Governance Statement. The Audit Committee reviews the Annual Statement of Accounts, the Treasury Management Strategy and reports from both Internal Audit (SWAP) and External Audit (Grant Thornton), including quarterly progress reports.

Full Council approves the annual budget, reviews and approves the Treasury Management Strategy, following recommendations from the Audit Committee.

Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including recommendations for improvement are detailed in an action plan agreed with the relevant Service Manager/Head of Service.

The Annual Internal Audit Opinion for 2017/18, in respect of the areas reviewed during the year, was '**Reasonable**'.

The Council's Financial Rules and Contract Rules are kept under review and revised periodically.

Other explicit review/assurance mechanisms, such as the Annual Report from the Local Government Ombudsman and reports from SWAP or Grant Thornton.

5. SIGNIFICANT GOVERNANCE ISSUES DURING 2017/2018

In preparing this statement and reviewing the effectiveness of the governance arrangements a number of areas have been identified where the Council needs to focus attention and improve arrangements or gain assurances from Publica that improvements have been made in areas of weakness, over the next financial year. These areas of work are planned to strengthen the control framework and are set out in the table below.

No.	Key Area of Focus	Planned Actions
1	Publica Ltd	Given that Publica only became operational in November 2017, during 2018/19 the Council needs to embed the governance arrangements relating to Publica. This includes implementing new Service Delivery Plans which will enable improved performance reporting using a new set of Key Performance Indicators and new arrangements for engagement between Publica and Council Members.
2	General Data Protection Regulation (GDPR)	The Data Protection Regulatory framework is due to change in May 2018. The Council needs to take action to ensure it is compliant with the new requirements.
3	Food Safety / Licensing / Private Water Supplies / Safeguarding	Follow-up audit reviews planned to ensure risks to the Council have been mitigated by the actioning of the recommendations made in the 2017/18 audit reviews.

The Annual Internal Audit Opinion, as drafted by the SWAP Assistant Director (Head of Internal Audit), lists thirty-six pieces of audit work being conducted during 2017/18, which includes consultancy and advisory services. Twenty-one assurance reviews were completed (finalised) during the year with only one scoring 'partial assurance', therefore there is a sound system of control at the Council which will continue to help mitigate any risks to the organisation going forward.

The ‘partial assurance’ audit that we issued during the year is captured in 3 above, Recommendations and actions have been agreed with Management and a follow-up review has been planned for 2018/19 to ensure actions are being implemented.

Internal Audit follow-up reviews were conducted during 2017/18 on areas where weaknesses were identified in the previous year. Some recommendations have not been actioned and therefore a further follow-up will be undertaken during 2018/19.

6. APPROVAL OF LEADER AND HEAD OF PAID SERVICE

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of Forest of Dean District Council:

Tim Gwilliam **Leader of the Council**	**Peter Williams** **Head of Paid Service**
Date:	**Date:**

Independent auditor’s report to the members of Forest of Dean District Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Forest of Dean District Council (the ‘Authority’) for the year ended 31 March 2018 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts set out on pages other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the course of our work including that gained through work in relation to the Authority's arrangements for securing value for money through economy, efficiency and effectiveness in the use of its resources or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice we are required to report to you if:

- we have reported a matter in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 14 the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2017/18, which give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority lacks funding for its continued existence or when policy decisions have been made that affect the services provided by the Authority.

The Audit Committee are Those Charged with Governance.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that *the Authority* put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Barrie Morris

Mr Barrie Morris
for and on behalf of Grant Thornton UK LLP, Appointed Auditor
2 Glass Wharf, Temple Quay, Bristol, BS2 0EL

30th July 2018