Bolsover District Council

Date: 17th July 2018

The Arc
High Street
Clowne
Derbyshire
S43 4JY

Dear Sir or Madam

You are hereby summoned to attend a meeting of the Audit Committee of the Bolsover District Council to be held on **Wednesday 25th July 2018 at 1400 hours** in the Council Chamber, The Arc, Clowne.

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on pages 2 and 3.

Yours faithfully

Sarah Sternberg

Joint Head of Corporate Governance and Monitoring Officer
To: Chair and Members of Audit Committee

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AUDIT COMMITTEE

AGENDA

Wednesday 25th July 2018 at 1400 hours in the Council Chamber, The Arc, Clowne

8 **Exclusion Of Public**

To move:-

That the public be excluded from the meeting during the discussion of the following items of business to avoid the disclosure to them of exempt information as defined in Part 1 of Schedule 12A to the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006). *[The category of exempt information is stated above each item].*

Exempt – Paragraph 3

9 (A) Internal Audit Reports 36 to 49

AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Wednesday 16th May 2018 at 1400 hours.

PRESENT:-

Members:-

Councillor D. McGregor in the Chair

Councillors J.A. Clifton, S.W. Fritchley, K. Reid and A.M. Syrett.

Officers:-

D. Clarke (Joint Head of Finance and Resources), J. Williams (Internal Audit Consortium Manager) and A. Brownsword (Senior Governance Officer)

0823. APOLOGY

An apology for absence was received from Councillor M. Dooley.

0824. URGENT ITEMS OF BUSINESS

The Chairman consented to consider an update from KPMG under Agenda Item No. 5 – Report of the External Auditor (KPMG)

0825. DECLARATIONS OF INTEREST

There were no declarations of interest.

0826. MINUTES – 10TH APRIL 2018

Moved by Councillor S.W. Fritchley and seconded by Councillor A.M. Syrett
RESOLVED that the minutes of a meeting of the Audit Committee held on 10th April 2018 be approved as a true and correct record.

0827. REPORT OF THE EXTERNAL AUDITOR

The Joint Head of Finance and Resources read out a statement from the External Auditor at KPMG which informed Committee that the review into the governance of the departure of the two Executive Directors had been completed and that no significant concerns in relation to the process followed had required the use of reporting powers under the Code.

Some aspects which could be developed for future had been identified and these would be communicated to the Chief Executive Officer by letter.

Moved by Councillor D. McGregor and seconded by Councillor S.W. Fritchley
RESOLVED that the report be noted.

0828. REPORT OF THE INTERNAL AUDIT CONSORTIUM SUMMARY OF PROGRESS ON THE 2017/18 INTERNAL AUDIT PLAN

The Internal Audit Consortium Manager presented the report which gave information on progress made by the Audit Consortium in relation to the 2017/18 Internal Audit Plan. The report also included a summary of Internal Audit reports issued from 17th March 2018 to 4th May 2018. No fraud issues had been identified in respect of the areas reviewed.

Moved by Councillor K. Reid and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

0829. REPORT OF THE INTERNAL AUDIT CONSORTIUM INTERNAL AUDIT CONSORTIUM 2017/18 ANNUAL REPORT TO BOLSOVER DISTRICT COUNCIL

The Internal Audit Consortium Manager presented the report which gave a summary of the internal work undertaken during 2017/18 and gave an opinion on the overall adequacy and effectiveness of the Council's control environment. The report also drew attention to any issues that needed to be considered for inclusion in the Annual Governance Statement. 30 reports had been issued in the year with 93% of reports achieving substantial or reasonable assurance.

Moved by Councillor S.W. Fritchley and seconded by Councillor D. McGregor
RESOLVED that the Internal Audit Consortium Annual Report for 2017/18 be noted.

***0830. REPORT OF THE JOINT HEAD OF FINANCE AND RESOURCES STRATEGIC RISK REGISTER AND PARTNERSHIP ARRANGEMENTS**

The Joint Head of Finance and Resources presented the report which looked at the proposed Strategic Risk Register which was to be discussed at the meeting of the Executive on 18th June 2018. It was noted that there were 2 additions of the Local Plan and Safeguarding.

Members asked questions regarding the use of agency staff and it was noted that the use of agency staff was always as a last resort to maintain service delivery or to cover gaps between recruitment. A list of occurrences could be provided to Members.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that the report be noted.

0831. REPORT OF THE JOINT HEAD OF FINANCE AND RESOURCES
ANNUAL GOVERNANCE STATEMENT 2017/18

The Joint Head of Finance and Resources presented the report which sought agreement to the conclusions and content of the Annual Governance Statement which would be included within the Council's Statement of Accounts for 2017/18.

The report also reviewed the Local Code of Corporate Governance and was designed to increase awareness of Governance Issues amongst Members and Employees of the Council.

It was noted that issues regarding marginal audit reports had been addressed and that none had been issued in 2017/18. The final accounts were no longer considered a risk and had been removed from the statement.

Moved by Councillor D. McGregor and seconded by Councillor A.M. Syrett
RESOLVED that (1) the Audit Committee consider the draft Annual Governance Statement as set out in Appendix 1 and make any observations or recommendations which they consider to be appropriate prior to the final version being incorporated within the Council's Statement of Accounts,

(2) the Audit Committee approve the local Code of Corporate Governance as set out in Appendix 2 of the report,

(3) the Audit Committee having reviewed the effectiveness of the Governance Framework are satisfied that the Council's governance and internal control arrangements are fit for purpose.

(Joint Head of Finance and Resources

The Chairman thanked Members for their attendance and thanked the Joint Head of Finance and Resources, Senior Governance Officer and Internal Audit for their hard work and noted that the Council should be proud of its staff.

The meeting concluded at 1426 hours.

Bolsover District Council

Audit Committee

25 July 2018

Report of those Charged with Governance (Internal Standard of Auditing (ISA260) 2017/18)

Report of the Council's External Auditor KPMG

This report is public

Purpose of the Report

- To provide the Audit Committee with a copy of the ISA260 report provided by our external auditors KPMG in respect of the 2017/18 financial year.

- To secure the approval of the Audit Committee to the Letter of Representation to be provided by the Council to KPMG our external auditors.

1 Report Details

1.1 The report to those charged with Governance (ISA 260) 2017/18 which is attached as **Appendix 1** summarises the findings of KPMG the Council's External Auditors in respect of their 2017/18 audit.

1.2 The Committee are requested to note and consider **Appendix 2** in particular, which sets out the Management Representation letter which the Chair of this Committee and the Chief Financial Officer will be required to sign on behalf of the Council.

1.3 Please note that Appendices 1 and 2 are to follow.

2 Conclusions and Reasons for Recommendation

2.1 This report is presented to the Audit Committee as part of the process of agreeing the Council's Statement of Accounts in respect of the 2017/18 financial year.

3 Consultation and Equality Impact

3.1 There are no consultation and equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

4.1 The process set out within this report is prescribed by statutory requirement and recognised good practice. Accordingly, there are no alternative options for consideration.

5 Implications

5.1 Finance and Risk Implications

These are set out in Appendix 1 to the report.

5.2 Legal Implications including Data Protection

The process is being undertaken in accordance with the requirements of the Accounts and Audit Regulations.

5.3 Human Resources Implications

There are no Human Resource implications arising directly from this report.

6 Recommendations

6.1 That the Audit Committee gives its consideration to the attached report from KPMG the Councils external auditors.

6.2 That the Audit Committee approve the Letter of Representation attached as Appendix 2 and authorise the Chair of this Committee and the Chief Financial Officer to sign the letter on behalf of the Council.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	N/A
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	N/A
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
1 2	Report of those Charged with Governance (International Standard of Auditing (ISA260) 2017/18) Management Representation Letter
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	

Report Author	Contact Number
Dawn Clarke - Head of Finance & Resources	01246 217658

KPMG

External Audit ISA260 Report 2017/18

Bolsover District Council

July 2018

Summary for Audit Committee

This document summarises the key findings in relation to our 2017/18 external audit at Bolsover District Council ('the Authority').

This report covers both our on-site work which was completed in March and June 2018 on the Authority's significant risk areas, as well as other areas of your financial statements, and the control environment in place to support the production of timely and accurate financial statements.

Organisational and IT control environment	We have identified no significant issues with the Authority's organisational environment and consider that the overall arrangements that have been put in place are reasonable.
Controls over key financial systems	The controls over the key financial systems are sound.
Accounts production	Audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting. We also assessed the Authority's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines. The Authority's overall process for the preparation of the financial statements is good.
Financial statements	**Subject to all outstanding queries being resolved to our satisfaction and final review, we anticipate issuing an unqualified audit opinion on the Authority's financial statements before the deadline of 31 July 2018.** Based upon our initial assessment of risks to the financial statements (as reported to you in our *External Audit Plan 2017/18* and updated during our audit) we identified the following significant risks (excluding those mandated by International Standards on Auditing – see Page 11): — **Valuation of PPE –** where assets are subject to revaluation, the code requires their year end carrying value to reflect the appropriate fair value at that date. The Authority reviews the value of assets each year end through a desktop impairment review and every fifth year performs a full revaluation. This creates a risk that the carrying value of assets not revalued in year differs materially from the year end fair value. We found the valuation of PPE to be appropriate and have no issues to note. — **Pensions Liabilities –** the pension liability is a material element of the Authority's balance sheet. The valuation relies on a number of assumptions, including the actuarial assumptions and actuarial methodology. There is a risk that the assumptions and methodology used are not reasonable. This could have a material impact in the financial statements. We found the liability to have balanced assumptions and have no issues to note. The Pension Fund audit team is currently completing its work in liaison with the actuaries and we will update verbally at the meeting.

Summary for Audit Committee (cont.)

Financial statements	— **Faster Close** – For the 2017/18 financial year, revised deadlines have been applied requiring draft accounts by 31 May and final signed accounts by 31 July. This caused a number of logistical challenges which, if not managed, could prevent the completion of the audit by 31 July. The Authority met the deadline of 31 July for 2016/17. We undertook an initial assessment of risks to the financial statements at planning stage and identified no significant risks other than the risk of management override of controls. We have updated our assessment and still consider there to be no additional specific risks. We have identified no audit adjustments. We will provide a verbal update on the status of our audit at the Audit Committee meeting but would highlight the following work is still outstanding: • Final disclosure checks of the financial statements; • Final Director review; and • Receipt of Management Representations. Based on our work, we have not raised any recommendations. We are now in the completion stage of the audit and anticipate issuing our Annual Audit letter at the next Audit Committee.
Value for money arrangements	We have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure it has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. **We therefore anticipate issuing an unqualified value for money opinion.**
Exercising of audit powers	We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about. We have not identified any matters that would require us to issue a public interest report. In addition, we have not had to exercise any other audit powers under the Local Audit & Accountability Act 2014.
Acknowledgements	We would like to take this opportunity to thank officers and Members for their continuing help throughout the audit process.

Section one

Control Environment

Organisational and IT control environment

We have identified no significant issues with the Authority's organisational environment and consider that the overall arrangements that have been put in place are reasonable.

Work completed

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would have implications for our audit. We obtain an understanding of the Authority's overall control environment and determine if appropriate controls have been implemented. We do not complete detailed testing of these controls.

The Authority relies on information technology ("IT") to support both financial reporting and internal control processes. We documented the processes and our understanding of the IT systems to the extent required for our audit methodology and approach, and have no matters to raise with you.

Controls over key financial systems

The controls over the key financial systems are sound.

Work completed

Where we have determined that this is the most efficient audit approach to take, we evaluate the design and implementation of the control and then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

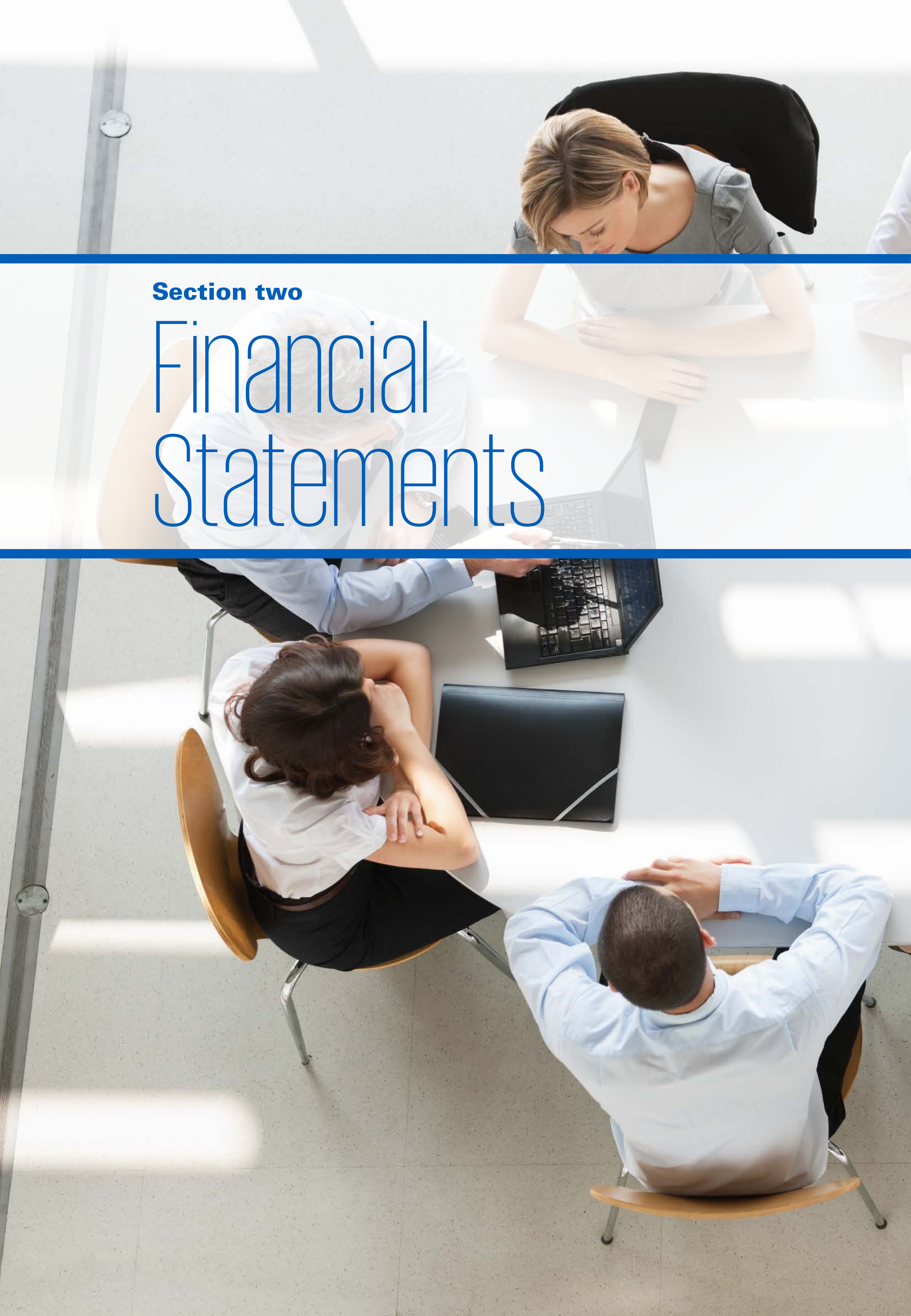
Our assessment of a system will not always be in line with your internal auditors' opinion on that system. This is because we are solely interested in whether our audit risks are mitigated through effective controls, i.e. whether the system is likely to produce materially reliable figures for inclusion in the financial statements.

Key findings

Based on our work we have determined that the controls are sound over the financial systems that we regard as key.

Section two

Financial Statements



Accounts production and audit process

Audit standards (ISA 260) require us to communicate our views on the significant qualitative aspects of the Authority's accounting practices and financial reporting.

We also assessed the Authority's process for preparing the accounts and its support for an efficient audit. The efficient production of the financial statements and good-quality working papers are critical to meeting the tighter deadlines.

The Authority's overall process for the preparation of the financial statements were good and enabled it to meet the 31 May deadline again.

Accounts practices and production process

The Authority incorporated a number of measures into its closedown plan to improve the project management of this complex process. Specifically, the Authority recognised the additional pressures which the earlier closedown brought and we engaged with Officers in the period leading up to the year end in order to proactively address issues as they emerge.

We consider that the overall process for the preparation of your financial statements is good. We also consider the Authority's accounting practices appropriate.

Going concern

The financial statements of the Authority have been prepared on a going concern basis. We confirm that we have identified no significant matters which would, in our view, affect the ability of the Authority to continue as a going concern.

Completeness of draft accounts

We received a complete set of draft accounts by 31 May 2018, which is the statutory deadline.

Quality of supporting working papers

We issued our Accounts Audit Protocol to Chief Accountant. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the Authority to provide to support our audit work. This helps the Authority to provide audit evidence in line with our expectations.

We worked with management to ensure that working paper requirements are understood and aligned to our expectations. We are pleased to report that this has resulted in good quality working papers with clear management trails.

Response to audit queries

We are pleased to report that our agreed turnaround time for dealing with audit queries was achieved by officers, including those who are not part of the finance team. As a result of this, all of our audit work were completed within the timescales expected with no outstanding queries.

Specific audit areas

We anticipate issuing an unqualified audit opinion on the Authority's 2017/18 financial statements by 31 July 2018

Auditing standards require us to consider two standard risks for all organisations. We consider these as a matter of course in our audit and will have set out the findings arising from our work in our ISA 260 Report below.

01

Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

02

Fraudulent revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our *External Audit Plan 2017/18* we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Over the following pages we have set out our assessment of the specific significant risks and areas of audit focus we identified in relation to the audit of the Authority's financial statements.

Specific audit areas

Significant Audit Risks – Authority

Those risks requiring specific audit attention and procedures to address the likelihood of a material financial statement error in relation to the Authority.

Risk:	**Valuation of PPE** The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date The Authority reviews the value of assets each year end through a desktop impairment review and every fifth year performs a full revaluation. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value. In addition, as the valuation is undertaken as at 1 April, there is a risk that the fair value is different at the year end.
Our assessment and work undertaken:	We reviewed the approach that the Authority adopted to assess the risk that assets not subject to valuation were materially misstated and considered the robustness of that approach. There is a desktop impairment review on a yearly basis with a full revaluation every five years. The next full revaluation will be in 2018/19 financial year. We have assessed the procedures in place to ensure the carrying value of those assets not revalued in year are not materiality different to the current value at year end. We have reviewed the instructions sent to the valuer to confirm the correct assets were revalued in 2017/18. We also assessed the valuer's qualifications, objectivity and independence to carry out such valuations and reviewed the methodology used (including testing the underlying data and assumptions). In addition, we considered movements in market indices between revaluation dates and the year end in order to determine whether these indicate that fair values had moved materially over that time. In relation to those assets which have been revalued during the year we reviewed the accounting entries made to record the results of the revaluation in order to ensure that they were appropriate. As a result of this work we determined that the valuation of PPE is balanced and presented correctly within the 2017/18 financial statements. We have set out our view of the assumptions used in relation to accounting for Property, Plant & Equipment at page 14.

Specific audit areas (cont.)

Significant Audit Risks – Authority (cont.)

Risk:	**Pension Liabilities** The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Derbyshire County Council Pension Fund, which had its last triennial valuation completed as at 31 March 2016. This forms an integral basis of the valuation as at 31 March 2018. The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates, mortality rates etc. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes. There is a risk that the assumptions and methodology used in the valuation of the Authority's pension obligation are not reasonable. This could have a material impact to net pension liability accounted for in the financial statements.
Our assessment and work undertaken:	As part of our work we reviewed the controls that the Authority has in place over the information sent to the Scheme Actuary, including the Authority's process and controls with respect to the assumptions used in the valuation. We ensured that the figures provided to the Pension Fund agreed to the payroll costs of the Authority. We also evaluated the competency, objectivity and independence of Hymans Robertson. We reviewed the appropriateness of the key assumptions included within the valuation, compared them to expected ranges and involved a KPMG Actuary to provide a specialist assessment of those assumptions. We also reviewed the methodology applied in the valuation by Hymans Robertson. In addition, we reviewed the overall Actuarial valuation and considered the disclosure implications in the financial statements. In order to determine whether the net pension liability has been appropriately accounted for we also considered the valuation of pension assets. As part of our audit of the Pension Fund we gained assurance over the overall value of fund assets. We then liaised with the actuary to understand how these assets are allocated across participating bodies and reperformed this allocation. The Pension Fund audit team is currently completing its work in liaison with the actuaries and we will update verbally at the meeting.

Specific audit areas (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue:

Faster Close

In prior years, the Authority has been required to prepare draft financial statements by 30 June and then final signed accounts by 30 September. For years ending on and after 31 March 2018 however, revised deadlines apply which require draft accounts by 31 May and final signed accounts by 31 July.

During 2015/16, the Authority started to prepare for these revised deadlines and advanced its own accounts production timetable so that draft accounts were ready by June and the final signed accounts by July.

In order to meet the revised deadlines, the Authority may need to make greater use of accounting estimates. In doing so, consideration will need to be given to ensuring that these estimates remain valid at the point of finalising the financial statements. In addition, there are a number of logistical challenges that will need to be managed. These include:

- Ensuring that any third parties involved in the production of the accounts (including valuers, actuaries) are aware of the revised deadlines and have made arrangements to provide the output of their work in accordance with this;
- Revising the closedown and accounts production timetable in order to ensure that all working papers and other supporting documentation are available at the start of the audit process;
- Ensuring that the Audit Committee meeting schedules have been updated to permit signing in July; and
- Applying a shorter paper deadline to the July meeting of the Audit Committee meeting in order to accommodate the production of the final version of the accounts and our ISA 260 report.

In the event that the above areas are not effectively managed there is a significant risk that the audit will not be completed by the 31 July deadline.

There is also an increased likelihood that the Audit Certificate (which confirms that all audit work for the year has been completed) may be issued separately at a later date if work is still ongoing in relation to the Authority's Whole of Government Accounts return and the Pension Fund Annual Report. This is not a matter of concern and is not seen as a breach of deadlines.

Our assessment and work undertaken:

We liaised with officers in preparation for our audit in order to understand the steps that the Authority was taking in order to ensure it met the revised deadlines. We also advanced audit work into the interim visit in order to streamline the year end audit work.

We received draft financial statements on the statutory deadline of 31 May 2018. The quality of this draft was consistent with prior years. In 2017/18, the Authority, as they have in previous years prepared a good quality set of accounts with a good set of clear working papers to support them.

As a result of this work we determined that the Authority has appropriate procedures in place to ensure faster close.

No delay to Whole of Government Accounts work is anticipated.

Specific audit areas (cont.)

Other areas of audit focus

Those risks with less likelihood of giving rise to a material error but which are nevertheless worthy of audit understanding.

Issue	**Departure of Directors** Within the 2017/18 year, both the Joint Executive Director – Operations and the Joint Executive Director – Transformation left their posts at North-East Derbyshire and Bolsover Councils. Their departures included payments relating to early voluntary release. We have previously commented on the authorities' practices when senior staff depart, and so need to consider the process that was followed when reaching the agreements with the two Joint Directors. In addition, there are Code disclosure requirements in relation to senior staff, and these will need to be complied with.
Our assessment and work undertaken:	We will consider the governance of these departures and review disclosure within the financial statements, and that the terms of departure were in line with legal requirements.

Issue	**Dragonfly Development Ltd** In August 2016, a new joint venture was set up with Woodhead Regeneration Ltd; Dragonfly Development Ltd. This was set up to build new homes within the Bolsover area. This is unlikely to have a significant impact on the financial statements in 17/18 but is being accounted for as an available-for-sale financial asset. Based on current forecasts, officers are not intending to prepare Group accounts on the grounds of materiality. As this was the Authority's first set-up of a company, we reviewed the set-up arrangements.
Our assessment and work undertaken:	As reported to Audit Committee in April 2018 in our *Progress Report and Technical Update*, we understand that legal advice was obtained by the Authority and this included high-level tax advice regarding the establishment of the structure. We are satisfied that the arrangements in place for 2017/18 are adequate as the decision to establish the JV as a limited company does not give rise to any significant immediate tax issues. However, we noted that detailed tax modelling and advice in connection with the ongoing operation of the company does not appear to have been sought (e.g. preparation of appropriate transfer pricing documentation, consideration of the transactions in land anti-avoidance rules, etc.) As there were no relevant transactions this has not resulted in a concern.

Judgements

We have considered the level of prudence within key judgements in your 2017/18 financial statements and accounting estimates. We have set out our view below across the following range of judgements.

Level of prudence

0	1	2	3	4	5	6
Audit Difference	Cautious		Balanced		Optimistic	**Audit Difference**
			Acceptable Range			

Subjective area	2017/18	2016/17	Commentary
Property Plant & Equipment: HRA Assets	3	3	The Authority continues its use of the beacon methodology in line with the DCLG's *Stock Valuation for Resource Accounting* published in November 2016. The Authority has utilised an internal valuation expert to provide valuation estimates. We have reviewed the instructions provided and deem that the valuation exercise is in line with the instructions. We note that the resulting increase of 2.2% is in line with regional indices provided by Gerald Eve, the valuation firm engaged by the NAO to provide supporting valuation information.
Property, Plant & Equipment	3	3	The Authority reviews the value of assets each year end through a desktop impairment review and every fifth year performs a full revaluation. Depreciation is applied in accordance with the Authority's accounting policies over the useful economic life of the asset, the estimated economic life of an asset are reviewed each year to ensure it is still reasonable. We consider the asset lives to be reasonable. The valuer has appropriate experience and qualifications required.
Business Rates provision	2	2	The NDR provision as at March 2018 is £2,277k (£1,067k in 2016/17). The Authority employs an independent company, Analyse Local, to inform its assessment of the appeals and assist in the calculation of an appropriate provision. The estimate is based on the latest list of outstanding rating list proposals provided by the Valuation Office Agency (VOA). There is currently no available appeals information from the VOA relating to the 2017 Valuation following the introduction of a new appeals process. We agree that it is prudent to set aside this estimated amount as it is reasonable to assume that there will be successful appeals emerging from the new process. However, in our view, arguably the most appropriate way to do this would be to create a reserve rather than a provision. Whilst we have as a result assessed the approach to provisions as cautious, we recognise that management is not seeking to amend balances inappropriately, as creating a reserve would have the same overall impact on the Authority's accounts.

Judgements (cont.)

Subjective area	Commentary
Valuation of pension assets and liabilities	The Authority continues to use Hymans Robertson to provide actuarial valuations in relation to the assets and liabilities recognised as a result of participation in the Local Government Pension Scheme. Due to the overall value of the pension assets and liabilities, small movements in the assumptions can have a significant impact on the overall valuation. For example, a discount rate of 2.65% would change the net liability by £0.57 million. The overall set of assumptions proposed by the Authority can be considered to be balanced. In particular the discount rate, which in isolation is at the optimistic end of our normally acceptable range, is offset by the cautious assumption for pension increases such that the net rate (which drives the liability calculation) is comfortably within our normally acceptable range. Our work in respect of the assumptions is continuing and we will update the Audit Committee at the meeting on 25 July 2018.

Assumption	Authority	KPMG	Assessment (See previous page for level of prudence definitions)	Commentary
Discount rate	2.70%	2.50%	5	The estimated impact of moving to the edge of KPMG's normally acceptable range for the discount rate (2.65%) in isolation, would be to increase the disclosed liability by approximately £1.2m.
Pension Increase Rate	2.40%	2.16	2	The proposed assumption is considered to be cautious but within our normally acceptable range.
Salary increases	CPI plus 0.5%	CPI plus 0% to 2%	3	We would typically expect salary increases to fall in the range of CPI plus 0% to 2%. Salary increase assumptions have been derived consistently with the approach taken at the most recent LGPS valuation. We would consider this approach to be reasonable, however audit teams should ask management to substantiate the appropriateness of their short term salary increase and to confirm they are satisfied that the long term assumption used is reflective of their expectations of future salary growth for their organisation.
Life expectancy at retirement (years) Males currently aged 45 / 65 Females currently aged 45 / 65	 23.9 / 21.9 26.5 / 24.4	 23.5 / 22.1 25.4 / 23.9	3	The life expectancies assumptions are consistent with those used in the most recent LGPS valuation and can be considered acceptable.

Proposed opinion and audit differences

We anticipate issuing an unqualified audit opinion on the Authority's 2017/18 financial statements following approval of the Statement of Accounts by the Audit Committee on 19 July.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix 1) for this year's audit was set at £1.170million. Audit differences below £58,000 are not considered significant.

We did not identify any material misstatements.

Annual governance statement

We have reviewed the Authority's 2017/18 Annual Governance Statement and confirmed that it is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

Narrative report

We have reviewed the Authority's 2017/18 narrative report and have confirmed that it is consistent with the financial statements and our understanding of the Authority.

Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's 2016/17 financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Bolsover District Council and Derbyshire County Council Pension Fund for the year ending 31 March 2018, we confirm that there were no relationships between KPMG LLP and Bolsover District Council and Derbyshire County Council Pension Fund, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix 2 in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the S151 Officer for presentation to the Audit Committee. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

— Significant difficulties encountered during the audit;

— Significant matters arising from the audit that were discussed, or subject to correspondence with management;

— Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and

— Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report or our previous reports relating to the audit of the Authority's 2017/18 financial statements.

Section three

Value for Money Arrangements

Specific value for money risk areas

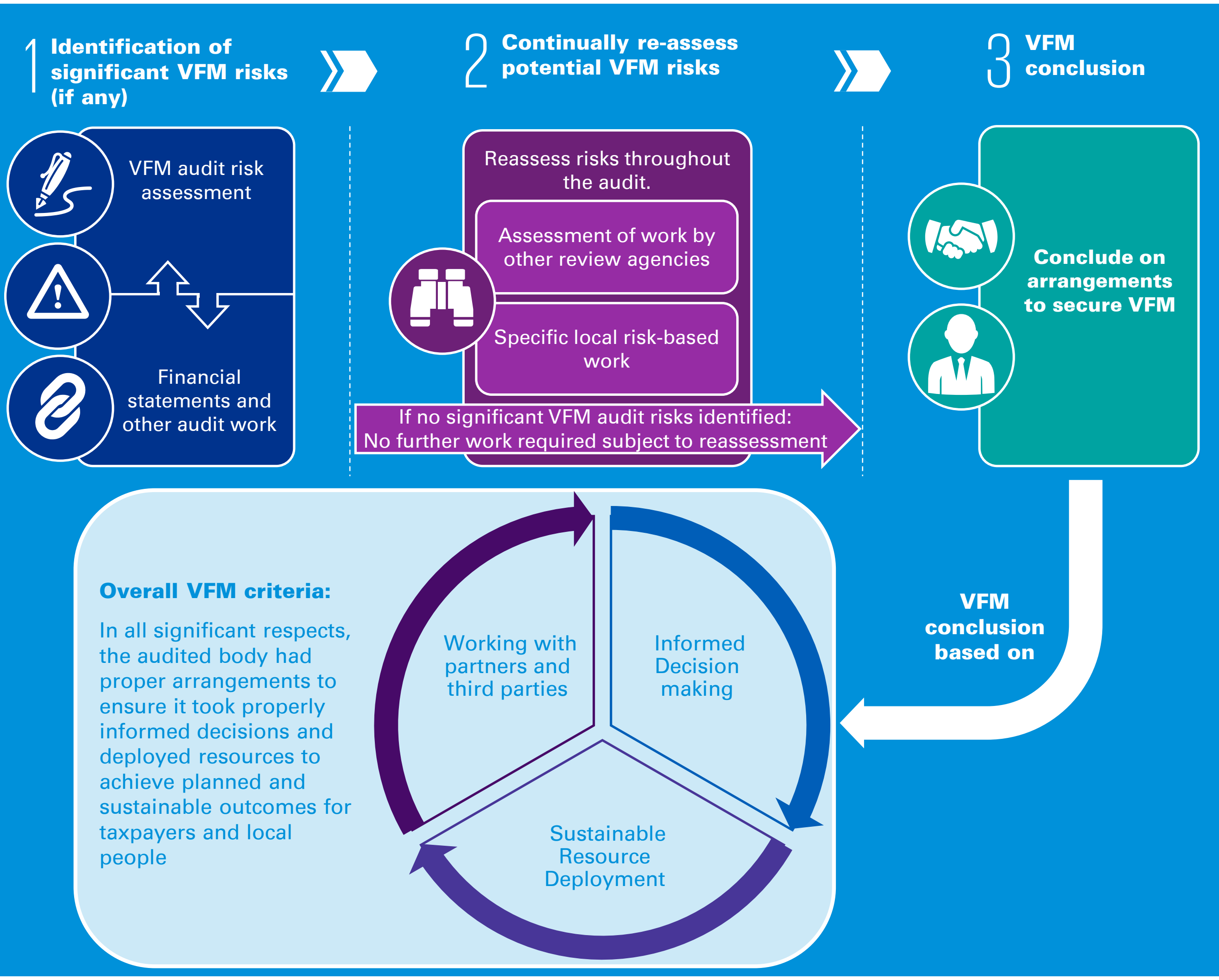
Our 2017/18 VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We have concluded that the Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

We follow a risk based approach to target audit effort on the areas of greatest audit risk.



Specific value for money risk areas (cont.)

The table below summarises our assessment of the individual VFM risk identified against the three sub-criteria. This directly feeds into the overall VFM criteria and our value for money opinion.

Applicability of VFM Risks to VFM sub-criteria			
VFM Risk	**Informed decision making**	**Sustainable resource deployment**	**Working with partner and third parties**
Delivery of budgets	✓	✓	✓

In consideration of the above, we have concluded that in 2017/18, the Authority has made proper arrangements to ensure it took properly-informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Further details on the work done and our assessment are provided on the following pages.

Other points to note within our VFM risk assessment

We noted that the Secretary of State expressed concern about the Authority's Local Plan, and set a deadline of 31 January 2018 for the Authority to outline any exceptional circumstances which justify the failure to produce the Local Plan and any steps they are taking to accelerate its publication.

Discussions with Officers identified that the Secretary of State has acknowledged progress made by the Authority and it is no longer considered to be a concern.

Specific value for money risk areas (cont.)

As communicated to you in our *External Audit Plan 2017/18* we have identified one risks requiring specific audit attention and procedures to address the likelihood that proper arrangements are not in place to deliver value for money.

We are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

We have provided below a summary of the risk areas identified, our work undertaken and the conclusions reached.

Risk:

Delivery of budgets

The Authority identified the need to make savings of £0.170 million in 2017/18. By the end of the second quarter, savings of £0.156m had been achieved against the target, leaving £0.014m still to be achieved.

The Authority's budget for 2018/19 was approved at the Executive meeting on 20 February 2018 and recognised a need for £4.6 million in savings over the period 2018 to 2021 to principally address future reductions to local Authority funding alongside service cost and demand pressures. As a result, the need for savings will continue to have a significant impact on the Authority's financial resilience.

The approved budget includes individual proposals to support the delivery of the overall savings requirement.

Our assessment and work undertaken:

Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for services.

The Medium Term Financial Plan (MTFP) presented to Executive in February 2018 outlined the funding surplus of £0.780m for 2017/18. This was an improvement of £0.950m on the original budget of a £0.170m funding gap which was revised in December 2017.

The final outturn position reported to Executive in June 2018 confirmed further improvements including additional NNDR income which resulted in a final reported underspend of £1.785m. The underspend has been transferred to the Transformation Reserve which, along with the continued availability of Efficiency Grant in 2017/18, has made an important contribution to the Authority's financial position by funding a range of restructuring and service investment costs which otherwise would have fallen on the General Fund.

The Authority's MTFP for 2018/19 to 2021/22 sets out a proposed budget which currently shows a surplus of £1.027m. However, the MTFP details the increasingly difficult financial challenges faced each year, resulting in the need for ever rising savings which have yet to be identified, up to £1.2 million by 2021/22.

Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for services. This is further complicated by the uncertainty relating to the future of financing of local government, particularly business rate reform and fair funding review, as well as the more general uncertainties in relation to Brexit.

Appendices

Appendix 1:

Materiality and reporting of audit differences

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.

Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.

Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our *External Audit Plan 2017/18*, presented to you in January 2018.

Materiality for the Authority's accounts was set at £1.17 million which equates to around 1.6 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £58,000 for the Authority.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Appendix 2:

Required communications with the Audit Committee

We have provided below at-a-glance summary of the information we are required to report to you in writing by International Auditing Standards.

Required Communication	Commentary
Our draft management representation letter	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2018.
Adjusted audit differences	We have identified no adjusted differences as a result of our audit of the Authority's financial statements.
Unadjusted audit differences	We have identified no unadjusted differences as a result of our audit of the Authority's financial statements
Related parties	There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	We have set out our assessment of the Authority's internal control environment, including confirmation that there were no significant deficiencies identified, in Section one of this report (see pages 4 to 5). We have not identified any deficiencies in internal control of a lesser magnitude than significant deficiencies.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	We identified no actual or suspected fraud involving the Authority's Member or Officers with significant roles in internal control, or where the fraud resulted in a material misstatement in the financial statements.
Significant difficulties	No significant difficulties were encountered during the audit.
Modifications to auditor's report	There are no modifications to our audit report.
Disagreements with management or scope limitations	The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.

Appendix 2:

Required communications with the Audit Committee (cont.)

Required Communication	Commentary
Other information	No material inconsistencies were identified related to other information in the Narrative Report or Annual Governance Statement. These reports were found to be fair, balanced and comprehensive, and compliant with applicable requirements.
Our declaration of independence and any breaches of independence	No matters to report. The engagement team have complied with relevant ethical requirements regarding independence. See Appendix 3 for further details.
Accounting practices	Over the course of our audit, we have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate. We have set out our view of the assumptions used in valuing pension assets and liabilities at page 15.
Significant matters discussed or subject to correspondence with management	There were no significant matters arising from the audit which were discussed, or subject to correspondence, with management.

Declaration of independence

ASSESSMENT OF OUR OBJECTIVITY AND INDEPENDENCE AS AUDITOR OF BOLSOVER DISTRICT COUNCIL

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code of Audit Practice, the provisions of Public Sector Audit Appointments Limited's ('PSAA's') Terms of Appointment relating to independence, the requirements of the FRC Ethical Standard and the requirements of Auditor Guidance Note 1 - General Guidance Supporting Local Audit (AGN01) issued by the National Audit Office ('NAO') on behalf of the Comptroller and Auditor General.

This Statement is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners, Audit Directors and staff annually confirm their compliance with our ethics and independence policies and procedures. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

Appendix 3:

Declaration of independence (cont.)

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the Authority and its controlled entities for professional services provided by us during the reporting period. We have detailed the fees charged by us to the Authority and its controlled entities for significant professional services provided by us during the reporting period in Appendix 4, as well as the amounts of any future services which have been contracted or where a written proposal has been submitted. Total fees charged by us for the period ended 31 March 2018 can be analysed as follows:

	2017/18 £	2016/17 £
Audit of the Authority	49,410	49,410
Total audit services	**49,410**	**49,410**
Allowable non-audit services	-	-
Audit related assurance services	3,000	3,000
Total Non Audit Services	**3,000**	**3,000**

In addition we carry out housing benefit certification, which is a mandatory assurance service and a requirement of our contract with the PSAA.

We are required by AGN 01 to limit the proportion of fees charged for non-audit services (excluding mandatory assurance services) to 70% of the total fee for all audit work carried out in respect of the Authority under the Code of Audit Practice for the year. Non-audit fees as a percentage of audit fees for the year were 6% (the mandatory assurance services do not count towards the threshold as per AGN01). We do not consider that the total of non-audit fees creates a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

We confirm that all non-audit services were reported to the Audit Committee.

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out table on the following page.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this report, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Authority and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

KPMG LLP

KPMG LLP

Declaration of independence (cont.)

Analysis of services for the year ended 31 March 2018

Description of scope of services	Principal threats to independence and Safeguards applied	Basis of fee	Value of services delivered in the year ended 31 March 2018 £	Value of services committed but not yet delivered £
Audit-related assurance services				
Return and Pooling of Housing Capital Receipts Return	The nature of these audit-related services is to provide independent assurance on each of these returns. As such we do not consider them to create any independence threats.	Fixed Fee	3,000	-
Mandatory assurance services				
Grant Certification – Housing Benefit Subsidy Return	The nature of this mandatory assurance service is to provide independent assurance on each of the returns. As such we do not consider it to create any independence threats.	Fixed Fee	8,430	7,500

Appendix 4:

Audit fees

As communicated to you in our *External Audit Plan 2017/18*, our scale fee for the audit is £49,410 plus VAT (£49,410 in 2016/17), which is consistent with the prior year.

Component of the audit	2017/18 Planned Fee £	2016/17 Actual Fee £
Accounts opinion and value for money work		
PSAA Scale fee	49,410	49,410
Additional code work – review of Directors' Departures	tbc	n/a
Additional code work – review of Dragonfly set-up	tbc	n/a
Total audit services	**49,410**	**49,410**
Mandatory assurance services		
Housing Benefits Certification (work planned for September 2018)	8,430	8,874
Total mandatory assurance services	**8,430**	**8,874**
Audit-related assurance services		
Pooling of Housing Capital Receipts (work planned for September 2018)	3,000	3,000
Total audit-related assurance services	**3,000**	**3,000**
Allowable non-audit services – n/a		
Total allowable non-audit services	-	-
Grand total fees for the Authority	**60,840**	**61,284**

All fees quoted are exclusive of VAT.

The key contacts in relation to our audit are:

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Manager

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Agenda Item No 6(A)

Bolsover District Council

Audit Committee

25th July 2018

Summary of Progress on the 2018/19 Internal Audit Plan

Report of the Internal Audit Consortium Manager

This report is public

Purpose of the Report

- To present, for members' information, progress made by the Audit Consortium, in relation to the 2018/19 Internal Audit Plan and completion of the 2017/18 internal audit plan. The report includes a summary of Internal Audit Reports issued from 3rd May 2018 to 9th July 2018.

1 Report Details

1.1 The 2018/19 Consortium Internal Audit Plan for Bolsover District Council was approved by the Audit Committee on the 10th April 2018.

1.2 The Consortium Agreement in paragraph 9.3 requires that the Head of the Internal Audit Consortium (HIAC) or his or her nominee will report quarterly (or at such intervals as the HIAC may agree with the Committee) to the Audit Committee of each Council on progress made in relation to their Annual Audit Plan.

1.3 Attached, as Appendix 1, is a summary of reports issued from the 3rd May 2018 to the 9th July 2018. 8 reports have been issued, 3 with substantial assurance, 4 with reasonable assurance and 1 with Limited Assurance. Members will have received a copy of the "Limited Assurance" internal audit report.

1.4 Internal Audit Reports are issued as drafts with five working days being allowed for the submission of any factual changes, after which time the report is designated as a Final Report. Fifteen working days are allowed for the return of the Implementation Plan.

1.5 The Appendix shows for each report a summary of the level of assurance that can be given in respect of the audit area examined and the number of recommendations made / agreed where a full response has been received.

1.6 The assurance provided column in Appendix 1 gives an overall assessment of the assurance that can be given in terms of the controls in place and the system's ability to meet its objectives and manage risk in accordance with the following classifications:

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

1.7 It can be confirmed that no fraud issues have been identified in respect of the areas reviewed.

1.8 The following audits are currently in progress:

- Health and Safety
- IT Inventory/disposal of equipment
- Council Tax
- Transport Follow up
- Gas Servicing
- Cyber Security

2 Conclusions and Reasons for Recommendation

2.1 To inform Members of progress on the Internal Audit Plan for 2018/19 and the Audit Reports issued.

2.2 To comply with the requirements of the Public Sector Internal Audit Standards.

3 Consultation and Equality Impact

3.1 None

4 Alternative Options and Reasons for Rejection

4.1 Not Applicable

5 Implications

5.1 Finance and Risk Implications

5.1.1 Regular reports on progress against the internal audit plan ensure compliance with the Public Sector Internal Audit Standards and allow members to monitor progress against the plan.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendation

6.1 That the report be noted.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
Appendix 1	Summary of Internal Audit Reports Issued from the 3rd May 2018 to the 9th July 2018.

Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)
N/A

Report Author	Contact Number
Jenny Williams	01246 217547

JENNY WILLIAMS

INTERNAL AUDIT CONSORTIUM MANAGER

BOLSOVER DISTRICT COUNCIL

Appendix 1

Internal Audit Consortium - Report to Audit Committee

Summary of Internal Audit Reports Issued from the 3rd May to the 9th July 2018

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B001	Risk Management	To ensure that there are sound risk management procedures in place that are firmly embedded.	Reasonable	3/5/18	24/5/18	5 (3M 2L)	5
B002	System Security	To review a sample of systems in respect of security issues e.g. password and access controls.	Substantial	18/5/18	11/6/18	3 (1M 2L)	3
B003	Money Laundering	To ensure that there is a policy in place and a designated money laundering officer, that legislation is complied with	Reasonable	19/6/18	10/7/18	6 (2M 4L)	6
B004	Recruitment and Selection	To ensure that there are suitable procedures in place that are followed	Reasonable	22/6/18	13/7/18	6 (2M 4L)	6

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B005	Gifts and Hospitality	To ensure that there is a policy in place that is monitored	Substantial	25/6/18	16/7/18	3L	Note 1
B006	Pleasley Vale Outdoor Activity Centre	To review the systems and procedures in place	Reasonable	29/6/18	20/7/18	7 (1H 1M 1L)	Note 1
B007	VAT	To review the procedures in place and to ensure the accuracy and timeliness of VAT returns	Substantial	9/7/18	30/7/18	0	0
B008	Property Services Compliance	To ensure that gas servicing and legionella checks etc. are undertaken appropriately	Limited	9/7/18	30/7/18	5 (1H 3M 1L)	5

Notes: For recommendations, H = High priority, M = Medium priority and L = Low Priority.

Note 1 Response not due at time of writing report

Bolsover District Council

Audit and Corporate Governance Scrutiny Committee

25 July 2018

Internal Audit Charter

Report of the Internal Audit Consortium Manager

This report is public

Purpose of the Report

- To report to Members for information and approval the results of a review of the Internal Audit Charter. The Public Sector Internal Audit Standards (PSIAS) state that the Head of Internal Audit must periodically review the Internal Audit Charter and present it to the relevant Committee for approval.

1 Report Details

1.1 The Public Sector Internal Audit Standards (PSIAS) which took effect from the 1 April 2013 require that the purpose, authority and responsibility of internal audit must be formally defined in an Internal Audit Charter (Appendix 1).

1.2 The Internal Audit Charter was last formally approved by this Committee in June 2016. It was agreed that the Charter would be reviewed every 2 years to ensure that this is kept up to date.

1.3 The PSIAS were updated in April 2017 with some fairly minor wording changes. There were no changes recommended in respect of the content of Internal Audit Charters. The current Internal Audit Charter has been reviewed and it is felt that it is still fit for purpose and that no updates are required.

1.4 The Internal Audit Charter is attached as Appendix 1.

2 Conclusions and Reasons for Recommendation

2.1 To comply with the requirements of the Public Sector Internal Audit Standards.

3 Consultation and Equality Impact

3.1 None.

4 Alternative Options and Reasons for Rejection

4.1 None.

5 Implications

5.1 Finance and Risk Implications

5.1.1 The re – adoption of the Internal Audit Charter will help to ensure that the Internal Audit Consortium continues to provide a quality service in line with the PSIAS.

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendations

6.1 That Members note the outcome of the review of the Internal Audit Charter.

6.2 That subject to any comments Members may wish to make, that the Internal Audit Charter be agreed.

6.3 That the agreed Internal Audit Charter be reviewed in 2 years' time or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	**Title**
1	Internal Audit Charter

Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Public Sector Internal Audit Standards	
Report Author	**Contact Number**
Jenny Williams Internal Audit Consortium Manager	01246 217547

Appendix 1

BOLSOVER, CHESTERFIELD AND NORTH EAST DERBYSHIRE DISTRICT COUNCILS'

INTERNAL AUDIT CHARTER

INTRODUCTION

1. The Public Sector Internal Audit Standards (PSIAS) which took effect from 1 April 2013 require the adoption of an Internal Audit Charter. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that have been established to provide the internal audit service to the three Councils'.

PSIAS/REGULATORY BASIS OF OPERATION

2. The adoption of the PSIAS is mandatory and includes a
   - Definition of Internal Auditing
   - Code of ethics
   - International Standards for the Professional Practice of Internal Auditing

3. The Mission of Internal Audit is:-

   To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

4. The Internal Audit Consortium adopts the PSIAS and the purpose and definition of Internal Audit as specified by the PSIAS:-

   Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

5. The Internal Audit Consortium also adopts the Core Principles for the Professional Practice of Internal Auditing. These are that the Consortium:-

   - Demonstrates integrity.
   - Demonstrates competence and due professional care
   - Is objective and free from undue influence (independent)
   - Aligns with the strategies, objectives, and risks of the organisation,
   - Is appropriately positioned and adequately resourced

- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk – based assurance
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

The requirement for an internal audit function in local government is specified within the Accounts and Audit (England) Regulations 2015, which state:

A relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account public sector internal auditing standards or guidance.

.

6. The Consortium agreement details how the Consortium will operate in terms of finance, staffing, reporting and independence.

7. Internal Audit is also governed by policies, procedures, rules and regulations established by the host Council. These include Financial Regulations, Conditions of Service, Codes of Conduct and Anti-Fraud and Corruption strategies.

8. Where key services are to be provided to one of the partner Councils' by other contractors or through a partnership, in order for internal audit to form an opinion on the controls operating, a right of access to relevant information and documents should be included in contracts or agreements concerned.

DEFINITIONS

9. The PSIAS require that the Charter must define the terms "Board" and "Senior Management" for the purposes of internal audit activity.

10. The PSIAS glossary defines the board as:

    The highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically this includes an independent group of directors (e.g. a board of directors, a supervisory board or a board of governors or trustees). If such a group does not exist, the "board" may refer to the head of the organisation, "Board" may refer to an audit committee to which the governing body has delegated certain functions.

11. At Chesterfield Borough Council the "Board" will be the Standards and Audit Committee.

    At Bolsover District Council the "Board" will be the Audit Committee

At North East Derbyshire District Council the “Board” will be the Audit and Corporate Governance Committee.

12. In addition to this the Joint Board will approve and monitor the annual business plan and financial position of the Consortium.

13. “Senior Management” – those responsible for the leadership and direction of the Council. This will be each Council’s Senior Management Team.

14. The PSIAS adopt the term “Chief Audit Executive”, this role is met by the Internal Audit Consortium Manager.

SCOPE AND OBJECTIVES OF INTERNAL AUDIT

15. The scope of the Internal Audit Consortium encompasses the examination and evaluation of the adequacy and effectiveness of each organisation’s governance, risk management and internal control processes in relation to each organisation’s defined goals and objectives.

16. The Audit Consortium’s remit covers all functions and services for which the Councils are responsible and this extends to the entire control environment of the organisations and not just financial controls.

17. The Consortium will objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

18. The internal audit service will be delivered on the basis of a risk assessment of auditable areas at each of the partner authorities. A predominantly systems based approach to most audits will be adopted.

19. The internal control system comprises the whole network of systems established within each partner authority to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:

- Consistency of operations with established objectives and goals,
- The reliability and integrity of financial and operational information,
- The effectiveness and efficiency of operations and programmes,
- Safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption,
- Compliance with laws, regulations, policies, procedures and contracts,
- The economic and efficient use of resources (value for money) and effective monitoring systems and optimum use of performance management information.

20. With the introduction of the PSIAS, internal audit may also provide “consultancy” services. This work could take any form, provided that the independence of the service is not compromised, but will typically include special reviews or assignments where requested by management, which fall outside the approved plan and for which a

contingency is included in the audit plan. There will be no significant consultancy work undertaken without the approval of the relevant Audit Committee.

RESPONSIBILITIES AND REPORTING

21. The PSIAS requires that the Internal Audit Charter should establish the responsibilities and reporting arrangements of internal audit.

22. The Internal Audit Consortium Manager reports directly to each Council's Audit Committee and to each Chief Financial Officer. The Internal Audit Consortium Manager also has direct access to each Council's Chief Executive, Monitoring Officer and where necessary elected Members

23. The Internal Audit Consortium Manager will manage the provision of the Internal Audit service to each Council by: -

- Preparing each year in advance a risk based audit plan for discussion and agreement by each council's Client Officer and approval by the Audit Committee. Any in-year significant changes to the audit plan shall be agreed by the respective Client Officers and Audit Committees,
- Preparing the internal audit budget and resource plan for approval by the Joint Board,
- Presenting an annual report to each Council's Audit Committee that meets the requirements of the PSIAS and includes:-
    - An overall opinion on the adequacy and effectiveness of the organisation's control environment (including any qualifications to that opinion),
    - Presents a summary of the audit work from which the opinion is derived, including reliance placed on the work by other assurance bodies,
    - Draws attention to any issues the Internal Audit Consortium Manager judges particularly relevant to the preparation of the Annual Governance Statement,
    - Compares work actually undertaken with work that was planned and to report relevant performance measures and targets.
- Presenting periodic reports to each Audit Committee summarising all internal audit reports issued and if considered necessary providing copies of the reports,
- Formally report the findings and recommendations of audit work to senior management and the respective Audit Committee throughout the year. Audit reports will:-
    - Include an audit opinion on the reliability of the internal controls in the system or area audited,
    - Identify inadequately addressed risks and non-effective control processes,
    - Detail management's response and timescale for corrective action,
    - Identify issues of good practice.
- Ensuring audit work is supervised, reviewed, recorded and reported,
- Implementing a follow up process for ensuring the effective implementation of audit recommendations or ensuring senior

management are aware of the consequences of not implementing a recommendation and are prepared to accept the risk,
- Liaising as needed with the External Auditor for each Council and with other regulators,
- Maintaining and managing a risk assessment in relation to the functions of the Consortium,
- Ensuring that there is an up to date Audit Manual in place setting out expected standards for the service, and monitoring compliance with these standards, including in relation to the planning, conduct, quality assurance and reporting of audit assignments.

24. Senior managers should assist audit to discharge their duties by:

- The prompt provision of information and explanations,
- Providing input to the audit plan to ensure attention is focused on areas of greatest risk,
- Informing the Audit Consortium of any plans for change, including new systems,
- Responding to the draft internal audit report, including provision of management responses to recommendations, within the timescale requested by the audit team,
- Implementing agreed management actions in accordance with agreed timescales,

25. The respective Audit Committees must:

- Approve the Internal Audit Charter,
- Approve the risk based internal audit plan,
- Receive progress reports and an annual report from the Internal Audit Consortium Manager in respect of the audit plan,
- Approve any large variances or consulting services not already included in the audit plan.

26. The Joint Board will:

- Approve the internal audit budget and outturn.

AUDIT RESOURCES

27. The Chief Financial Officer at each Council will ensure that the Audit Consortium has the necessary resource to enable the Internal Audit Consortium Manager to be able to give an annual evidence-based opinion.

28. The staffing and budget of the Internal Audit Consortium will be kept under review by the Internal Audit Consortium Manager, bearing in mind the resource requirements identified in the audit plan process. Where resources available do not match the resource requirements identified by the annual audit plans, the Internal Audit Consortium Manager will report to the Joint Board.

29. The Internal Audit Consortium Manager will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit and management experience. The Internal Audit Consortium Manager will ensure that the internal audit service is appropriately skilled in terms of qualifications, knowledge and experience.

QUALITY AND ASSURANCE PROGRAMME

30. The PSIAS state that a quality assurance and improvement programme must include both internal and external assessments. Internal assessments should be ongoing and periodical and external assessments must be undertaken at least once every 5 years.

31. All internal audits are subject to a management quality review. Policies and procedures to guide staff in performing their duties have been established within the audit manual.

32. The internal periodic self - assessment of internal audit will be undertaken by completing the checklist for assessing conformance with the PSIAS included within the PSIAS Application Note.

33. External assessment can be satisfied by either arranging a full external assessment or by undertaking a self - assessment with independent validation. External assessments must be by a qualified, independent assessor from outside the organisations. The Internal Audit Consortium Manager must discuss the format of the external assessments and the qualifications and independence of the assessor with the Audit Committee.

34. An external assessment of the internal audit function will take place at least once every 5 years and the results reported back to the Audit Committee of each Council.

35. The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.

INDEPENDENCE, AUTHORITY AND ETHICS

36. In order to achieve its objectives effectively, Internal Audit must be seen to be independent. Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that no quality compromises are made.

37. The scope of internal audit allows for unrestricted access at each partner authority to all records, personnel, premises and assets deemed necessary to obtain information and explanations as it considers necessary to fulfil its responsibilities in the course of the audit. Such access shall be granted on demand and not subject to prior notice.

38. This right of access is included in the agreement signed by the three authorities establishing the Internal Audit Consortium and in each authority's Financial Regulations. In addition, where necessary, the Internal Audit Consortium Manager will have unrestricted access at each authority to:

- The Chief / Deputy Chief Executive
- The Chief Financial Officer
- Members
- The Monitoring Officer
- The Chair and Members of the Audit Committee
- Individual Directors / Heads of Service
- All Other Employees
- The External Auditor

39. The Internal Audit Consortium Manager will confirm to the Audit Committees' at least annually, the organisational independence of the internal audit activity.

40. Independence is further achieved by:

- Reporting to the Audit Committee and senior management at each authority,
- Not being part of system and procedures being audited,
- Rotating responsibility for audit assignments within the audit team,
- Completing declaration of interest forms on an annual basis,
- Internal Audit staff not undertaking an audit in an area where they have had operational roles for at least two years.

41. If any member of the Internal Audit Consortium considers there is or could be a conflict of interest, this must be declared to the Internal Audit Consortium Manager who will direct alternative and independent resources to the audit.

42. Where internal audit staff are required to undertake non-audit duties, the Internal Audit Consortium Manager will make it clear that those audit staff are not fulfilling those duties as internal auditors. The Internal Audit Consortium Manager will ensure that within the service there remains sufficient impartiality to enable the actions and activities of those internal audit staff to be subject to audit by those independent from the activity.

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43. Internal auditors must conform to the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Ethics in addition to those of other professional bodies of which they hold membership.

44. The Code of Ethics promotes an ethical, professional culture to ensure fairness, objectivity and freedom from conflicts of interest. The key principles are;

- Integrity – to establish trust thus providing reliance on their judgement;
- Objectivity – in gathering, evaluating and communicating information about the activity or process being examined in order to make a balanced assessment of all relevant circumstances without influence;
- Confidentiality – to respect the value and ownership of information received which should not be disclosed without appropriate authority or a legal or professional obligation to do so, nor be used for personal gain; and

- Competence – to apply knowledge, skills and experience appropriately.

FRAUD AND CORRUPTION

45. Managing the risk of fraud and corruption is the responsibility of management. Each Council has an Anti – Fraud and Corruption strategy and a zero tolerance towards fraud.

46. The Internal Audit Consortium Manager should be notified of all suspected or detected fraud, corruption or impropriety in accordance with each Council's Financial Regulations and Anti - Fraud and Corruption strategies, in order to inform their opinion of the internal control environment.

47. Subject to availability of resources with the internal audit plan, internal audit may assist management in the investigation of suspected fraud and corruption.

48. The Internal Audit Consortium Manager will report any instances of fraud detected as a result of audits undertaken to the Audit Committee.

REVIEW OF THE INTERNAL AUDIT CHARTER

49. The Internal Audit Charter will be reviewed every 2 years by the Internal Audit Consortium Manager and will be reported to each Council's Audit Committee for approval.

Bolsover District Council

Audit Committee

25 July 2018

Bolsover District Council – Statement of Accounts 2017/18

Report of the Head of Finance & Resources

This report is public.

Purpose of the Report

- The Committee is asked to approve the audited Statement of Accounts for 2017/18, circulated as a separate document.

1 Report Details

1.1 The outturn position for the Council's Accounts has previously been reported to the Council's Executive. The External Audit team has been undertaking work on the Statement of Accounts during June and July.. The outcomes of the external audit work are set out in the External Auditors report which also constitutes an item elsewhere on this agenda.

1.2 Attached as **Appendix 1** to this report is the Council's Audited Statement of Accounts in respect of 2017/18. There may be some minor changes still requested by the External Auditors – which if required will be reported verbally at the Committee. However, it is anticipated that there will be very limited changes between the version attached and the final Statement of Accounts for 2017/18.

1.4 Given the possibility that issues raised either at today's meeting or subsequently may require the Statement of Accounts to be amended it is recommended that delegated powers be given to the Chief Financial Officer in consultation with the Chair or Deputy Chair of this Committee to agree any final changes to the Council's Statement of Accounts 2017/18. It should be noted that the only changes that will be made under these delegated powers will relate to amendments agreed with the Council's external auditors KPMG.

2 Conclusions and Reasons for Recommendation

2.1 The external audit process in respect of 2017/18 has now been concluded and the accounts as amended have been given an unqualified audit opinion. The outcome of this review is summarised in the External Auditors report to those charged with governance which appears elsewhere on this agenda.

3 Consultation and Equality Impact

3.1 There are no consultation and equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

4.1 There are no alternative options for consideration.

5 Implications

5.1 Finance and Risk Implications

5.1.1 There are no additional financial implications arising from this report.

5.2 Legal Implications including Data Protection

5.2.1 The process has been undertaken in accordance with the requirements of the Accounts and Audit Regulations. It should be noted that the Council is required to complete and approve the audited Statement of Accounts by the end of September.

5.3 Human Resources Implications

5.3.1 There are no Human Resource implications arising from this report.

6 Recommendations

6.1 That the Audit Committee approve the audited Statement of Accounts in respect of 2017/18.

6.2 That delegated powers are granted to the Chief Financial Officer in consultation with the Chair or Deputy Chair of the Audit Committee to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors KPMG to ensure completion of the Statement of Accounts by 31 July 2018.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC:* *Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC:* *Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	N/A
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	N/A
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All

Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	**Title**
1	Bolsover District Council – Statement of Accounts 2017/18

Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)

Report Author	**Contact Number**
Dawn Clarke – Head of Finance & Resources	(01246) 217658

Statement of Accounts 2017/18

Running Order of the Statement of Accounts Document

NARRATIVE REPORT

Bolsover District Council covers an area of 62 square miles with a population of 75,800 people. It operates alongside Derbyshire County Council in providing local authority services to our residents. District Council services provided include: planning; housing; street cleansing; environmental health; leisure; economic development; elections and benefits. The Council has just under 500 employees. This report outlines how the District Council has served our community during the 2017/18 financial year, covering both our service delivery and financial performance. Whilst the main emphasis is on the previous financial year (2017/18), the report also considers the ability of the Council to continue to provide sustainable services which meet local needs, and outlines how we work in partnership to enhance the prosperity of the communities we serve. With respect to our service delivery, a key partnership is the Strategic Alliance with North East Derbyshire District Council which commenced in April 2011 leading to progressively greater integration of service delivery between the two authorities.

This report is intended to provide a short summary of the Council's activities. Further information is available via the Council's website, or in other formats by request.

The Council's Performance and Outcomes for Local Residents

The emphasis of the Statement of Accounts which follow this narrative report is upon the financial performance of the Council. Our financial performance however, needs to be considered in conjunction with our ability as a Council to provide a sustainable comprehensive range of value for money services that meet both our statutory obligations and the needs of our area. This narrative seeks to outline some of the services and projects which the Council has delivered during the course of 2017/18, linking these to our strategic objectives and plans for the future.

The Council's vision for the district is to enhance and improve the wealth profile, well-being and quality of life for the communities of Bolsover District.

The Council has four strategic aims designed to deliver this vision through priorities that cover the four year life of the Corporate Plan (2015-2019). In order to better understand how the Council has performed during the course of the current financial year, the table below sets out headline progress against the Council's agreed Strategic Aims and Priorities. This is the third year of the Corporate Plan 2015/19 and good progress is being made with most targets on track. The successful achievement of the Council's agreed priorities and targets is key to ensuring effective service delivery to local residents, whilst providing a sustainable future for the Council itself as an organisation. The Council prepares detailed reports concerning the performance against the Corporate Plan on a quarterly basis.

A summary of progress against the Corporate Plan is provided below:

Strategic aim / * Priorities	Progress against key targets
Unlocking our growth potential	
* Supporting enterprise	* The Council is using a range of approaches to ensure effective partnership with the private sector. During the corporate plan period over 121 businesses have been engaged with and supported. A new 'Invest Bolsover' website has been launched which highlights investment opportunities. The number of new and start-up businesses contacting the Council has increased since the launch of the Bolsover Business Growth Fund.
* Unlocking development potential	* The Council continues to work with partners to bring forward priority employment sites at Markham Vale, Shirebrook and the former Coalite site.

Strategic aim / * Priorities	Progress against key targets
* Enabling housing growth	* 54 affordable properties were delivered in 2017/18 (26 council properties and 28 through the empty homes programme). * In 2017/18 100% of major planning applications were completed within the statutory timeframe.
Providing our customers with excellent services	
* Increasing customer confidence and satisfaction with our services	* Customer satisfaction levels are good across a range of Council services with scores over 80% for Contact Centres and Leisure Services. The Customer Service Excellence standard has been retained following a successful annual inspection.
* Improving customer contact and access to information	* The Council provides 4 contact centres, supported by telephony and internet access to services. The new webchat facility is proving popular and achieving high levels of satisfaction. The target to increase online transactions has been exceeded.
* Promoting equality and diversity	* Good progress continues against the Single Equality Scheme action plan. New guidance and reporting mechanisms have been put in place for Hate Crime with publicity and staff training to support the launch.
* Supporting vulnerable and disadvantaged people	* During 2017/18 the Council received 251 approaches from people seeking assistance of which 150 (60%) were prevented from becoming homeless. Processing times for new Housing Benefit and Council Tax Support claims were quicker than the target at 18.39 days. Good levels of satisfaction are being recorded for parenting and domestic violence support given to clients.
* Providing good quality council housing where people choose to live	* 26 council properties have been built during 2017/18 as part of the Council's b@home scheme. 287 disability adaptations were made to the housing stock.
Supporting our communities to be healthier, safer, cleaner and greener	
* Improving health and well-being by contributing to the delivery of Healthy Bolsover priorities	* The referral team has seen 905 clients at a number of different locations including Go Active @ The Arc, Shirebrook Leisure Centre and Welbeck Road Doctors Surgery. We have engaged with all 28 schools in the district to tackle childhood obesity.
* Increasing participation in sport and leisure activities	* 8,673 hours of positive activity through community based culture and leisure engagement per year. Over 350,000 attended our leisure services in 2017/18.
* Working with partners to reduce crime and anti-social behaviour (ASB)	* In 2017/18 a total of 19 events were held to support this priority engaging with over 900 people. We have a new Building Resilience programme aimed at building community cohesion.

Strategic aim / * Priorities	Progress against key targets
* Increasing recycling	* We are predicting a recycling and composting rate of 42% for 2017/18 (Target 49% by March 2019).
* Developing attractive neighbourhoods	* Four town centre action plans have been developed.
* Ensuring a high standard of environmental maintenance and cleanliness	* 98% of streets surveyed for litter cleanliness and 99.75% of streets surveyed for dog fouling, achieved their required targets. In addition 15 initiatives were undertaken targeting dog fouling, littering or fly tipping.
Transforming our organisation	
* Supporting and engaging with employees	* We have launched a new transformation programme which employees form an integral part of.
* Making the best use of our assets	* The Council has modernised its asset base over the last 5 years and is minimising costs by securing high occupancy levels in its commercial properties.
* Demonstrating good governance	* The Council has appropriate Governance /management arrangements in place to ensure accountability and value for money.
* Ensuring financial sustainability and increasing revenue streams	* In 2017/18 the Derbyshire Business Rates pool, of which we are a member, was successful in its 100% Business Rates pilot bid for 2018/19. This ensures more business rates income is retained locally.
* Transforming services through the use of technology	* In 2017/18 a total of 2,227 online transactions were carried out with 1,435 residents now having online accounts. The new webchat channel is also proving popular.
* Actively engaging with partners to benefit our community	* The Council actively engages with the private sector, other public agencies and local groups in order to optimise the impact of partner activity on our local community.
* Maximising opportunities with North East Derbyshire District Council through the Strategic Alliance	* The Council continues to work in partnership to secure cost effective services through the Strategic Alliance.

While the above table is invariably a ‘snapshot’ which cannot fully cover the range of Council activities and outcomes, I take the view that it is consistent with a conclusion that during 2017/18 the Council provided a wide range of value for money services to local residents. It is particularly pleasing to note that we have made continued progress in addressing both our Economic Growth and Transformation agendas and in progressing the aims of our Corporate Plan. These actions are key to developing income streams to support Council services, to helping secure the wider economic prosperity of the District, to providing cost effective and efficient services and to offering residents a range of accessible customer focussed services. Alongside its responsibility for the direct provision of a range of services the District Council recognises the role of a wide range of other organisations in promoting the well being of our community. Accordingly it works with a range of partners to ensure that residents benefit from good services from a wide range of public sector providers. Our performance management arrangements mean we are well placed to identify and address areas of concern before they escalate into matters which could undermine service delivery.

On the basis of successful progress against the Corporate Plan during the first three years of that Plan, I am of the view that the Council can successfully deliver against its agreed Strategic Aims and Priorities over the current Plan period to 2019. It is particularly pleasing to note that the Council has over the past year, made good progress in delivering a number of key projects. These include working with partners to progress the regeneration of the former Coalite works, a key site adjacent to the M1 Motorway. Attendances at our Go!Active leisure facility at Clowne have exceeded targets. We work closely with both the D2N2 and Sheffield City Region and have good partnership working with both the private sector and other public agencies. With respect to our housing service, we have now completed 33 properties, with a further 63 on site out of an agreed programme for 100 new Council homes by March 2019. We have also commenced on site the £11m programme to refurbish New Bolsover Model Village.

As part of the Performance Management Framework we systematically collect details of complaints and compliments. This information allows us to address any specific issues that have arisen and also to better understand where services are in need of improvement. We have in place a formal Customer Service Code of Practice and Standards and have been accredited for Customer Service Excellence for a number of years. On the basis of the information collected by the Council, our services including housing, the contact centres and leisure, receive good satisfaction ratings.

The longer term sustainability of both our service delivery and the Council's financial position are protected by Corporate, Service and Financial Plans which cover a four year period. These are supported by a Risk Management Framework which identifies and mitigates the Strategic and Operational risks which could hinder or prevent our plans being achieved. Although the Council can do much to manage the risks it faces, it does need to be recognised that some of the major Strategic Risks are only partially within its direct influence. Key Strategic Risks include:

- The requirement to adapt to legislative change which may require an enhanced range of services, may reduce the financial resources available to the Council, or may impact on our ability to provide services which meet local needs.
- In common with the wider public sector we are required to manage the ongoing impact of the austerity agenda. These pressures need to be carefully managed to mitigate the impact on service provision, to ensure we balance the budget and to maintain effective governance and internal control arrangements.
- Our ability to attract and retain the staff required to operate an effective Council.
- The direct or indirect impact of wider factors such as economic recession upon local communities, the loss of a major employer, or an Emergency Plan / Business continuity / Cyber Crime issue.
- The implementation of Brexit will continue to create uncertainties concerning national economic conditions, legislative change and whether European Union funding streams will be replaced.

To facilitate the effective identification of risk there is an embedded culture of risk management in place across the Council. This will help mitigate the threat that those risks which materialise will prevent the achievement of Strategic Aims / Priorities or Key Targets.

Financial Performance

General Fund

The Council's main revenue account is known as the General Fund which includes the cost of all services with the exception of Council Housing. Resources to deliver our Service Plans were agreed as part of the approved budget by Council in February 2017. The main source of locally raised funding for General Fund activity is Council Tax, which in order to help balance the budget against an ongoing background of reduced financial support from Central Government, was increased in 2017/18 by 3.08%. This resulted in a Band D Council Tax charge of £166.20 in respect of services provided by Bolsover District Council.

During the year the Council continued with its focus on achieving economic growth and business transformation as the most appropriate mechanisms for securing the financial savings required by the austerity agenda, whilst protecting the level of services delivered to local residents. In particular :

- The Council continued to benefit from strong economic growth within the District which generated increasing revenues from business rates, New Homes Bonus and council tax income. The Council continues to progress its growth agenda to secure the wider benefits of growth for the District itself and also to improve its own revenue streams.
- As part of the Transformation Agenda, departments have reviewed how they delivered services, re-engineering processes and procedures in order to generate efficiency savings.
- Further joint working arrangements have been agreed between Bolsover District Council and North East Derbyshire District Council as a mechanism for minimising costs whilst protecting service delivery.
- A vacancy management process has been maintained throughout the year accompanied by careful management of all non-employee costs.

A combination of the above actions underpinned by a culture of robust financial management, endorsed by both Elected Members and employees, has enabled the required level of savings to be identified and secured, whilst protecting both services to the public and our internal control arrangements. At the start of the year the Council set a range of prudent budgets with a savings target of £0.170m necessary to secure a balanced budget. By the close of the financial year the Council had achieved its savings target while increasing the contribution to the Transformation Reserve by £1.785m. Although this in-year saving represents a significant financial gain it does need to be recognised that much of the benefit arose from 'one off' savings, rather than from a reduction in the underlying level of expenditure. However, this enhancement in the level of balances is a major achievement given that the Council is facing a savings target of £1.8m in the period to March 2022.

The accounts that follow this Narrative Report provide further detail concerning the Council's financial performance during the previous financial year. With respect to financial balances the key thing to note is that General Fund balances remain at an amount of £2m which is a realistic level. These are supplemented by a further amount of £6.674m held in the Transformation Reserve, which is used primarily to fund Invest to Save projects. While much of this reserve is already committed to new projects, both the committed sums together with the unallocated balance are available to support initiatives which secure a reduction in the Council's underlying level of revenue expenditure. This level of balances puts the Council in a good position to fund projects which deliver income growth or cost savings, both of which will be necessary to meet the savings target of £1.8m identified over the period of the current Medium Term Financial Plan.

The Housing Revenue Account (HRA)

The Housing Revenue Account is a legally separate account which ring-fences the income from council house rents. Rental income is then used to meet the costs of managing and maintaining the Council’s housing stock, including the significant burden of debt (current balance £87.562m) which was assigned to the Council as part of the localisation of the HRA in March 2012. The Council continues to operate in accordance with the Government rent criteria which required an average decrease in rents to our tenants of 1% for 2017/18.

During 2017/18 the HRA cost of service was £0.272m above the approved budget. This was predominantly to increase the equal pay provision. The slightly less than budgeted surplus of £0.024m was transferred into the HRA balances at the year end leaving the HRA balance as at 31 March 2018 one of £1.929m. In addition the Council has other HRA capital balances totalling £20.237m much of which are committed to funding schemes within the currently approved Capital Programme. This is considered a realistic level of balances in view of the risks facing the HRA.

Capital expenditure and resources

The Council has invested £17.015m on capital schemes in the year. This covers expenditure in relation to the Housing Revenue Account (£14.511m), private sector housing improvement works (£0.477m) and General Fund Capital Expenditure (£2.027m).

The main capital schemes delivered in 2017/18 by the Council were:

- New Council House building under the B@home Programme £5.748m
- Initial year of the New Bolsover Regeneration programme £4.334m.
- Investment in improving the Council’s housing stock of £4.206m
- Private Sector Disabled Facilities Grants of £0.477m
- Investment in new technology and software £0.155m
- The Tangent Phase 2 £0.993m

The capital programme was fully funded in the year utilising prudential borrowing (£3.366m), grants and other contributions (£1.682m) major repairs allowance (£6.626m), reserves and revenue contributions (£2.497m), and usable capital receipts from asset sales (£2.844m). An amount of (£11.015m) was transferred from the Capital Adjustment Account to create a reserve for the repayment of HRA loans. This is an increase in the underlying need to borrow and is financed by utilising prudential borrowing.

Treasury Management

At 31 March 2018, the Council had a total capital financing requirement (Council debt) of £112.548m. This is a net increase in the year of £13.666m. This reflects prudential borrowing undertaken in the year, offset by debt repayment. The Council's debt is funded from the Public Works Loan Board (P.W.L.B.), with no new loans raised during the year and £1m of principal repayment made to the PWLB. The Council has a general policy of not utilising leased assets to fund capital purchases. During the year the Council continued to operate within the limits agreed in its Treasury Management Strategy.

Assets

The last full valuation was undertaken as at 1st April 2013, however, an annual desk top review by the Council of all the assets it holds is undertaken to ensure that the figures appearing in the accounts are up to date. This exercise ensures that the Statement of Accounts reflects the correct valuation of all the assets held by the Council. Adjustments are made within the Accounts to reflect these changes in asset values, but these accounting adjustments have no impact on the charges to our Council Tax payers or our housing tenants.

During 2017/18, the Council continued with the refurbishment of Bolsover Model Village to reflect its heritage status and to provide houses which meet the decent homes standard on a mixed tenure estate. During the 2017/18 financial year £4.334m has been expended out of a total scheme cost of £11m. A further 26 new properties have been constructed as part of the B@Home Programme at a cost of £5.748m. The properties are in Blackwell, Tibshelf and Shirebrook. It is planned that the currently agreed Programme will deliver a total of 100 new homes. An extension at The Tangent was almost completed during 2017/18 at a cost of £0.993m, which will provide lettable space in Shirebrook from 2018.

During the year the Council sold 47 houses under the Right to Buy legislation.

Reserves and Balances

The Council holds usable reserves and balances totalling £39.690m. These include general reserves of £3.929m (General Fund and Housing Revenue Account balances outlined earlier). Additionally, the Council has £4.217m that relates to unapplied revenue and capital grants, earmarked general fund revenue reserves of £10.063m, earmarked HRA reserves of £12.825m, capital receipts reserve of £1.119m and £7.537m major repairs reserve at 31 March 2018.

Collection Fund

Business Rates

In 2017/18, £25.390m of Business Rates income was received. After taking account of appropriate charges to the collection fund, the balance £21.683m is apportioned between the Government (50%), BDC (40%), Derbyshire County Council (9%) and Derbyshire Fire Authority (1%). During the year £24.764m was paid on account to the above parties with £2.886m being paid from the collection fund for previous years' surplus's. The deficit at 31 March 2018 of £3.294m will be reclaimed from the various parties in 2018/19 and 2019/20. The Council's share of this deficit is £1.318m.

Council Tax

In 2017/18 £37.137m of Council Tax income was raised. After taking account of appropriate charges to the collection fund, the balance £36.983m is shared between the precepting authorities. During the year £36.913m was precepted on the collection fund which has left a deficit in the year of £0.130m. The in year deficit was offset by a surplus b/fwd, leaving a surplus balance on the fund at 31 March 2018 of £0.040m. This surplus will be allocated to the precepting authorities during 2018/19 and 2019/20. This Council's share of the surplus is £0.006m.

Pension Fund Reserve

The Council’s position with regard to the pension fund administered on its behalf by Derbyshire County Council is that liabilities have increased by £2.196m with an increase in the fair value of assets of £2.945m. The net movement is a decrease in the liability of the fund of £0.749m. The pension liability of the Council is £39.853m at 31 March 2018.

Management Arrangements

The Council has throughout 2017/18 continued to embed the Strategic Alliance Management Team restructure. Two Strategic Directors are now in post and a review of the next tier of management has been completed.

With respect to the role of Chief Financial Officer the revised arrangements remain fully compliant with good practice as set out in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2016). The Council's Head of Finance and Resources is professionally qualified, is a full member of the Senior Management Team and is supported by appropriately qualified and experienced staff.

Outlook

In line with good practice the Council plans its finances over the Medium Term (five years). The Council regularly reviews its spending plans in the light of changing priorities, external factors and projected financial forecasts to ensure that they remain robust and sustainable over the longer term. The Council is mindful that both the continued austerity programme together with legislative changes may have a significant impact upon its financial position in 2018/19 and future years.

While the Council faces significant financial challenges over the next five years, we have a good track record of delivering efficiencies, an experienced and well qualified management team, robust governance arrangements and a workforce committed to delivering good quality services. These key assets together with a combination of economic growth, service transformation, supported by a reasonable level of financial reserves to fund investment in service reconfiguration mean that the Council is well placed to meet these challenges. These are key factors which support my view that the Council can continue to perform effectively, whilst ensuring that it maintains a balanced budget.

General Fund

When setting its budget in February 2018, the Council had a £1.027m surplus for next financial year but a shortfall of £0.034m in respect of 2019/20, rising to an estimated shortfall of £1.8m by 2021/22 at the end of the current planning period. As the first step to balancing its budget for future years the Council agreed to a Council Tax increase of 2.99%, generating additional revenue of £0.107m. A range of other potential savings have been identified and officers are currently in the process of developing the identified options. While officers do not anticipate any significant issues in resolving the budget shortfall in 2019/20, it does need to be recognised that it is crucial that progress is made in 2018/19 in addressing the underlying shortfall of £1.8m. The detailed plans include the following:

- Seek to secure the increased income associated with increases in the number of homes and business premises operating in the District.
- Continued participation in the Derbyshire Business Rates Pool that will see all Derbyshire authorities benefit from growth within the County without having to passport part of this increase in income to the Government. This will enable the Council to retain a higher proportion of its Business Rates. In addition, during 2017/18 the Derbyshire Business Rates Pool members received notification that the 100% Business Rates pilot bid had been successful for 2018/19. It is anticipated this will generate additional income for the whole of Derbyshire of £27m.
- The Council has a well established Transformation Agenda and further secondments and joint working arrangements through the Strategic Alliance will continue to be explored to secure further efficiencies.
- Continue with vacancy management arrangements to ensure that appropriate use is made of ‘natural wastage’ as a means to ensure the necessary level of financial savings.
- Ensure that income levels from the enhanced leisure facilities at Clowne continue to be maximised and that work on the extension to the Tangent business centre is completed at the earliest opportunity in order to generate additional revenue, as part of the wider strategy of optimising the use of Council assets.

Housing Revenue Account

The Council continues to operate its HRA within the context of a 30 year business plan which shows the Council's housing operation to be sustainable over that period. The Council is working to ensure that its properties continue to meet the Decent Homes standard and provide affordable accommodation with a secure tenure which meets the housing needs of local residents. As part of this programme the Council is seeking both to maintain a high standard of housing services, whilst investing in maintaining and refurbishing existing stock. In addition to routine refurbishment work required as homes age, the Council has approved investment of £11m into the regeneration of New Bolsover which will bring heritage housing up to modern standards, whilst funding a programme of £12m in respect of new build council housing.

Capital Programme

With respect to the Capital Programme, the key schemes will include completion of work on site at the Tangent business centre in Shirebrook which will facilitate start up business, whilst generating additional income for the Council. With regard to the HRA, it is anticipated that in 2018/19 £8.9m will be spent on the B@Home Programme of new build Council housing with sites at Pinxton, South Normanton, Bolsover and Shirebrook. It is planned to spend a further £6.6m on the New Bolsover Project, while £4.8m will be utilised on upgrading and refurbishing Council properties during 2018/19.

Summary

While 2017/18 has seen a continued impact from both the austerity agenda and legislative change, there is a clear awareness throughout the Council of the issues that local government is facing. A strong and effective culture of financial and performance management across the authority is in place which it is anticipated will enable us to deliver both a balanced budget together with a reduction in the underlying level of expenditure whilst maintaining standards of service. We will continue to work to ensure that this progress is maintained in 2018/19 and future years against the background of a continued challenging financial environment for local government As a Council we are determined to work with and to meet the needs and expectations of local residents, our tenants and our key partners.

Finally, we realise the value of closing our accounts promptly to provide up to date financial information on which to base our future plans. It needs, however, to be recognised that preparing these accounts becomes increasingly complex every year as the requirements of good accounting practice continue to grow more stringent. The staff involved in this process, deserve credit for ensuring that these financial statements have been produced in a timely and professional manner. It also provides the finance team with the opportunity to move on more quickly from accounts closure to work with colleagues to address the need to maintain service levels, promote economic growth and manage transformation to ensure our future financial sustainability.

Dawn Clarke

Head of Finance and Resources

Introduction to the Statements

The accounting statements that follow detail the Council's performance and have been prepared under the 2017/18 Code of Practice on Local Authority Accounting. The accounts are separated into various sections and these can be summarised as follows:

- **The Movement in Reserves Statement** – this statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

- **The Expenditure and Funding Analysis -** (this is not a primary statement). This shows 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. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

- **The Comprehensive Income and Expenditure Statement** – this shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

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

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

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

- **The Collection Fund** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

The Council has a statutory obligation to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and Non-Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

The accounts are supported by the following items:

- Statement of Responsibilities
- Statement of Accounting Policies
- Notes to the Accounts
- Annual Governance Statement

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 Head of Finance and Resources.

- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

- to approve the Statement of Accounts

The Head of Finance and Resources' Responsibilities

The Head of Finance and Resources 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 Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Head of Finance and Resources has:

- selected suitable accounting policies and then applied them consistently.

- made judgements and estimates that were reasonable and prudent.

- complied with the local authority Code.

The Head of Finance and Resources has also:

- kept proper accounting records which were up to date.

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

Dawn Clarke, CPFA
Head of Finance and Resources

Date:

MOVEMENT IN RESERVES STATEMENT

		General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Earmarked Revenue Grants Unapplied £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at	**31 March 2016**	**(10,693)**	**(3,340)**	**(2,612)**	**(6,423)**	**(1,643)**	**(1,066)**	**(25,777)**	**(29,877)**	**(55,654)**
Movement in reserves during 2016/17										
Total Comprehensive Income and Expenditure		(1,834)	(12,999)	0	0	0	0	(14,833)	(25,812)	**(40,645)**
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 9)		1,915	12,971	548	(2,364)	253	(864)	12,459	(12,459)	**0**
(Increase) / Decrease in 2016-17		81	(28)	548	(2,364)	253	(864)	(2,374)	(38,271)	(40,645)
Balance at	**31 March 2017**	**(10,612)**	**(3,368)**	**(2,064)**	**(8,787)**	**(1,390)**	**(1,930)**	**(28,151)**	**(68,148)**	**(96,299)**
Movement in reserves during 2017/18										
Total Comprehensive Income and Expenditure		1,680	6,539	0	0	0	0	8,219	(8,204)	**15**
Adjustments from income and expenditure charged under the accounting basis to the funding basis (Note 9)		(3,131)	(17,925)	945	1,250	(525)	(372)	(19,758)	19,758	**0**
(Increase) / Decrease in 2017-18		(1,451)	(11,386)	945	1,250	(525)	(372)	(11,539)	11,554	15
Balance at	**31 March 2018**	**(12,063)**	**(14,754)**	**(1,119)**	**(7,537)**	**(1,915)**	**(2,302)**	**(39,690)**	**(56,594)**	**(96,284)**

EXPENDITURE AND FUNDING ANALYSIS NOTE

2016/17 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2016/17 Adjustments between Funding and Accounting Basis **(Note 7)** £000	2016/17 Net Expenditure in Comprehensive Income and Expenditure Statement £000		2017/18 Net Expenditure Chargeable to the General Fund and HRA Balances £000	2017/18 Adjustments between Funding and Accounting Basis **(Note 7)** £000	2017/18 Net Expenditure in Comprehensive Income and Expenditure Statement £000
2,446	216	2,662	Growth Directorate (Note 1 ad)	3,663	(437)	3,226
2,971	141	3,112	Operations Directorate (Note 1 ad)	3,027	1,475	4,502
(11,124)	(6,835)	(17,959)	Operations Directorate - HRA	(10,182)	11,447	1,265
3,229	798	4,027	Transformation Directorate (Note 1 ad)	2,910	1,606	4,516
(2,478)	**(5,680)**	**(8,158)**	**Net Cost of Services**	**(582)**	**14,091**	**13,509**
2,532	(9,206)	(6,674)	**Other income and expenditure**	(12,255)	6,965	(5,290)
54	**(14,886)**	**(14,832)**	**(Surplus) or Deficit**	**(12,837)**	**21,056**	**8,219**
		(14,034)	**Opening General Fund and HRA Balance**	**(13,980)**		
		54	Plus Surplus/ less Deficit on General Fund and HRA balance in year	(12,837)		
		(13,980)	**Closing General Fund and HRA Balance**	**(26,817)**		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2016/17 Gross Expenditure £000	2016/17 Gross Income £000	2016/17 Net Expenditure £000		NOTE	2017/18 Gross Expenditure £000	2017/18 Gross Income £000	2017/18 Net Expenditure £000
5,281	(2,619)	2,662	Growth Directorate (Note 1 ad)		6,126	(2,900)	3,226
27,015	(23,903)	3,112	Operations Directorate (Note 1 ad)		27,478	(22,976)	4,502
5,369	(1,342)	4,027	Transformation Directorate (Note 1 ad)		6,460	(1,944)	4,516
37,665	**(27,864)**	**9,801**	**Cost of General Fund Services**		**40,064**	**(27,820)**	**12,244**
15,918	(21,901)	(5,983)	Operations Directorate - HRA		23,610	(22,345)	1,265
(11,976)	0	(11,976)	HRA - Exceptional Item		0	0	0
3,942	(21,901)	(17,959)	**Cost of Housing Revenue Account Services (HRA)**		23,610	(22,345)	1,265
41,607	**(49,765)**	**(8,158)**	**Cost of All Services**		**63,674**	**(50,165)**	**13,509**
			Other Operating Expenditure				
2,696		2,696	Local Council Precepts		2,873		2,873
466		466	Payment to the Housing Capital Receipts Pool		453		453
724		724	Net Loss/(Gain) on the disposal of non-current assets		835		835
			Financing and Investment Income and Expenditure				
3,672		3,672	External interest payable and similar charges	14	3,683		3,683
1,237		1,237	Pensions interest cost and expected return on pensions assets	38	1,074		1,074
	(173)	(173)	Interest and investment income	14		(209)	(209)
	607	607	Movement in fair value of investment properties	12		85	85
441	(785)	(344)	Investment Properties Income and Expenditure	12	495	(737)	(242)
115	(179)	(64)	(Surpluses)/Deficit on Trading Activities	27	133	(219)	(86)
			Taxation and Non-Specific Grant Income and Expenditure				
	(5,739)	(5,739)	Council Tax Income			(6,108)	(6,108)
	(4,282)	(4,282)	Non-domestic Rates Income and Expenditure			(3,198)	(3,198)
	(4,166)	(4,166)	Non-ringfenced Government Grants			(3,764)	(3,764)
	(1,308)	(1,308)	Capital Grants and Contributions	32		(686)	(686)
50,958	**(65,790)**	**(14,832)**	**(Surplus) or Deficit on Provision of Services**		**73,220**	**(65,001)**	**8,219**
		(29,670)	(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	23			(4,941)
		3,858	Remeasurement of net defined benefit/liability	38			(3,263)
		(25,812)	**Other Comprehensive Income and Expenditure**				**(8,204)**
		(40,644)	**Total Comprehensive Income and Expenditure**				**15**

BALANCE SHEET AS AT 31 March 2018

31 March 2017 £000		NOTE	31 March 2018 £000	31 March 2018 £000
	Property, Plant and Equipment	11		
172,363	Council Dwellings		176,155	
17,644	Other Land and Buildings		18,517	
4,294	Vehicles, Plant, Furniture and Equipment		3,599	
102	Infrastructure		102	
1,771	Community Assets		1,189	
1,818	Assets Under Construction		3,287	
3,085	Surplus Assets Not Held for Sale		1,669	204,518
5,155	**Investment Property**	12		5,460
262	**Intangible Assets**	13		263
18	**Long Term Investments**	14		63
64	**Long Term Debtors**	14		64
206,576	**Total Long Term Assets**			**210,368**
40,016	Short Term Investments	14	29,049	
89	Inventories	15	116	
3,763	Short Term Debtors	17	3,929	
2,341	Cash and Cash Equivalents	18	6,640	
46,209	**Total Current Assets**			**39,734**
(1,655)	Short Term Borrowing	14	(806)	
(8,369)	Short Term Creditors	20	(6,664)	
(10,024)	**Total Current Liabilities**			**(7,470)**
0	Long Term Creditors	14	(46)	
(1,695)	Provisions	21	(3,205)	
(102,100)	Long Term Borrowing	14	(102,100)	
(40,602)	Pensions Liability	38	(39,853)	
(2,064)	Revenue Grants & Contributions Receipts in Advance	32	(1,143)	
(146,461)	**Total Long Term Liabilities**			**(146,347)**
96,300	**Net Assets**			**96,285**
(2,000)	General Fund Balance	MIRS	(2,000)	
(10,075)	Earmarked Reserves	MIRS	(22,888)	
(1,905)	Housing Revenue Account Balance	MIRS	(1,929)	
(2,064)	Capital Receipts Reserve	MIRS	(1,119)	
(1,930)	Capital Grants Unapplied	MIRS	(2,302)	
(1,390)	Revenue Grants Unapplied (Earmarked)	MIRS	(1,915)	
(8,787)	Major Repairs Reserve	45	(7,537)	
(28,151)	**Usable Reserves**			**(39,690)**
(54,416)	Revaluation Reserve	23	(57,479)	
32	Available for Sale Financial Instruments Reserve	14	32	
(53,248)	Capital Adjustment Account	23	(40,311)	
(64)	Deferred Capital Receipts	23	(64)	
40,602	Pension Reserve	23	39,853	
(1,149)	Collection Fund Adjustment Account	23	1,287	
94	Accumulated Absences Account	23	87	
(68,149)	**Unusable Reserves**			**(56,595)**
(96,300)	**Total Reserves**			**(96,285)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 March 2018

2016/17 £000		NOTE	2017/18 £000
(14,832)	**Net (surplus) or deficit on the provision of services**		8,219
2,227	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(21,312)
3,941	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		4,407
(8,664)	**Net cash flows from Operating Activities**		**(8,686)**
14,572	Investing Activities	25	265
(2,901)	Financing Activities	26	4,122
3,007	**Net increase or (decrease) in cash and cash equivalents**		(4,299)
(5,348)	**Cash and cash equivalents at the beginning of the reporting period**		(2,341)
(2,341)	**Cash and cash equivalents at the end of the reporting period**	18	**(6,640)**

1 Accounting Policies

Notes to the Core Financial Statements

a) General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year end of 31st March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices primarily consist of the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS).

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

The Council does not have any transactions that are reclassifiable to the Surplus or Deficit on the Provision of Services. As such we have not grouped the items in Other Comprehensive Income and Expenditure into amounts that may be reclassifiable and amounts that are not.

b) Accounting Concepts

The concepts used in selecting and applying the most appropriate policies and estimation techniques are as follows:

- The qualitative characteristics of financial information - relevance, reliability, comparability and understanding;

- Materiality (all major transactions and events are included);

- The accounting concepts of accruals, going concern and the primacy of legislative requirements.

c) Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risk and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for in the year to which it relates and is based on an effective interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract;

- Where income or expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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.

An exception to this principle relates to electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. Rental income from HRA dwellings is included without an adjustment for the over lap between financial years on the grounds of materiality. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

Income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

Grant claims are submitted on an actual basis wherever possible. However if the information required is not available then a best estimate basis is adopted.

d) 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

The Council has a number of Call accounts to meet short-term cash flow requirements where no notice is required to access funds.

Call accounts held to make a gain from favourable rates of interest are classed as investments and not cash equivalents. This also applies to Money Market Funds and fixed term investments.

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.

e) Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

- Amortisation of intangible fixed assets attributable to the service.

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

The Council's policy for the calculation of the statutory provision for the repayment of debt is determined each year by the Council. The Council has decided that for 2017/18 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of 4% of outstanding debt per year until the debt is extinguished. Any prudential borrowing for the General Fund incurred after 1 April 2007 is repaid based on the life of the asset concerned.

f) Collection Fund

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which outside. The Collection Fund includes transactions in respect of both Council Tax and Non-domestic Rates.

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is a Council's precept or demand for the year, plus or minus the Council's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to council tax shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from Council Tax payers belongs proportionately to all the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for Non-Domestic Rates (NDR)

The NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year on the basis of the National Non Domestic Rates (NNDR) 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to non-domestic rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from NDR payers belongs proportionately to all the major preceptors and the Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Non-Domestic Rates Appeal

The Council will commission each year, an independent assessment at 31 March of the outstanding appeals lodged with the Valuation Office Agency (VOA). The assessment will review every individual appeal and estimate the likelihood of the appeal succeeding based on the category of appeal and previous appeal determinations.

g) 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 accounting statements; they are disclosed by way of a note to the accounts where it is probable that there will be an inflow of economic benefit or service potential.

h) 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 accounting statements; they are disclosed in a note to the accounts.

i) Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end but which can be carried forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, as this is the period in which the employee takes the benefit. The accrual is charged to the relevant service area of the Comprehensive Income and Expenditure Statement but then is reversed out through the Movement in Reserves Statement so that the annual leave is charged to revenue in the financial year in which the annual leave occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer’s employment before the normal retirement date, or an officer’s decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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 year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with accrued debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme (LGPS), which is administered by Derbyshire County Council on behalf of Bolsover District Council. The scheme provides defined benefits to members (lump sums and pensions) earned as employees working for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are measured using the projected unit method and discounted at the balance sheet date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of 'spot yields' on AA rated corporate bonds.

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

- Service cost comprising:

  - Current Service Cost – the increase in liabilities as a result of years of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

  - Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

  - Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. The cost is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Remeasurements comprising:

  - The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions Paid to the County Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve therefore 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.

j) Events After the Reporting Period

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

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

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

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

k) Exceptional Items

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

l) 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 and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council’s financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting the 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 period.

m) Financial Instruments

The Council is required to recognise, measure, present and disclose information about any financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Typical financial assets include bank deposits, trade receivables and other receivables, loans receivable and advances. Typical financial liabilities include trade payables and other payables, borrowings and financial guarantees. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but 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 recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When loans are made at less than market rates (a soft loan), a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the organisation, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year.

Where Financial Assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the financial asset is written down and a charge made to the relevant service or 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 future cash flows discounted at the financial assets original effective interest rate.

Any gains and losses that arise on the de-recognition of a financial asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (eg dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices - the market price

- other instruments with fixed and determinable payments - discounted cash flow analysis

- equity shares with no quoted market prices - multiple valuation techniques (which include market approach, income approach and cost approach).

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

- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.

- Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

- Level 3 inputs - unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on revaluation of available-for-sale financial assets. The exception is where impairment losses have been incurred - these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and present value of the revised future cash flows discounted at the asset's orginal effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

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

Where fair value cannot be measure reliably, the instrument is carried at cost (less any impairment losses).

n) Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the balance sheet as creditors (receipts in advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

o) Heritage Assets

Heritage assets are a distinct class of asset which are reported separately from property, plant and equipment and intangible assets.

There is a de-minimis level of £10,000 applied to Heritage Assets in line with the accounting policy on Property, Plant and Equipment. The Heritage Assets held by the Council are currently below the de-minimis level.

p) Intangible Fixed Assets

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Council (for example computer software) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are initially measured at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset, held by the Council meets this criterion and they are therefore carried at amortised cost.

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

Each intangible asset is tested for impairment each year to see if there is an indication that the asset may be impaired. Any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible fixed asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

q) Interests in Companies and Other Entities

The Council has no material interests in any companies or other entities that have the nature of subsidiaries, associates or jointly controlled entities that would require it to prepare group accounts.

However, the Council has a joint venture in Dragonfly Developments Limited. This is being accounted for as an available-for-sale financial asset. Group accounts are not being prepared based on materiality.

r) Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of assets and resources of the venturers 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 debits and credits the Comprehensive Income and Expenditure Statement with the share of expenditure it incurs and the share of income it earns from the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefit for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

The Council has the following jointly controlled operations:

Building Control - with North East Derbyshire District Council and Chesterfield Borough Council

Internal Audit Services - with North East Derbyshire District Council and Chesterfield Borough Council

Procurement Services - with North East Derbyshire District Council, Chesterfield Borough Council, Derbyshire Dales District Council and Chesterfield Royal Hospital

ICT Services - with North East Derbyshire District Council and Derbyshire Dales District Council

Environmental Health Services - with North East Derbyshire District Council as part of the Strategic Alliance

The Council has jointly controlled assets with Chesterfield Borough Council and North East Derbyshire District Council regarding the operation of a crematorium. The Council holds a share of the joint crematorium committee. The Council's share of the crematorium's assets and income and expenditure for 2017/18 is 15%, (2016/17 15%). On the basis of materiality, Bolsover District Council does not include any figures for the joint crematorium within the Statement of Accounts.

s) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

t) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value - highest and best use, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Investment properties are not depreciated but are revalued according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

u) Leases

The Council accounts for leases 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 (The Council). All other leases are classified as operating leases.

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease inception. The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment and applied to write down the lease liability;

- a finance charge (debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

The Council also has operating leases where the risk and rewards relating to the leased property remains with the lessor. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property the relevant asset is written out of the Balance Sheet as a disposal. It 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.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt.

The Council currently has no finance leases for property where this policy applies.

Operating Leases

Where the Council grants an operating lease over an asset the asset is retained on the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments e.g. there is a premium paid at the start of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset and charged as an expense over the lease term.

v) Overheads and Support Services

The costs of overheads and support services are charged to directorates in the Comprehensive Income and Expenditure Statement in accordance with the Council's arrangements for accountability and financial performance.

w) Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance and are held for use in the provision of services, for rental to others, or for administrative purposes and are expected to be used during more than one financial year.

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 and the services that it provides is for more than one financial year and the cost of the item can be reliably measured. Expenditure that maintains but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. A general de-minimis limit of £10,000 is applied to non-current assets.

Measurement

Assets are initially measured at cost, comprising purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). If an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset exchanged by the Council.

Donated assets are measured at current value. The difference between current value and the consideration paid is credited to the Taxation and Non Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donated asset has been made conditionally. Until all conditions are met the gain is held in the Donated Assets Account. Gains that are credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – historic cost;

- Dwellings – current value, determined using the basis of existing use value for social housing;

- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;

- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

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

Where non property assets that have short useful lives or low values, or both, depreciated historical 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 in the value, but as a minimum every five years. Valuations are undertaken by a professionally qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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 value 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 gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. If there is an indication of impairment, and it is deemed material, the recoverable amount of the asset is estimated to determine the impairment loss.

Where impairment losses 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 value of the accumulated gains

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is 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 by the systematic allocation of their depreciable amounts over their useful lives. An exception exists for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- Land: Not depreciated;
- Buildings: Straight-line allocation over the life of the property;
- Vehicles, plant and equipment: Straight line allocation over the life of the asset;
- Infrastructure: Straight-line allocation over life of asset;
- Council dwellings: Straight-line allocation over the life of the property;
- Community assets (subject to exceptions): Not depreciated.

Items of property, plant and equipment are not depreciated until they become available for use (i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation ceases at the earlier of the date that items of property, plant and equipment are classified as held for sale and the date they are derecognised.

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

Where an item of Property, Plant and Equipment has major components whose costs are significant in relation to the total cost of the item, the components are depreciated separately. The Council deems “significant” to be 25% or more of the total cost of the asset. The Council also applies the following de minimis levels with regard to component accounting.

Components are not separately identified where:

- The useful life of the asset is less than 10 years

- The depreciation charge based on the life of the component would differ from that for the total asset by less than £10,000.

- The component life must be materially different to the main asset to be treated as a component.

For grouped assets such as Council Dwellings a practical level of componentisation has been applied which links to the work programmes carried out within the capital programme. An appropriate component life has been assigned to each of these components.

Disposals

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

To be classified as held for sale an asset must meet the following criteria:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;

- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;

- The asset must be actively marketed for sale at a price that is reasonable in relation to its current value;

- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

Assets that are abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, as part of the gain or loss on the sale of assets. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. A proportion of Housing receipts is payable to central government. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for future capital investment or to reduce the Council's underlying need to borrow.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

x) Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate available at the balance sheet date, taking into account relevant risks and uncertainties.

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

y) Reserves

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

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

z) Revenue Expenditure Funded from Capital under Statute

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

aa) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the Council is unable to recover VAT it is charged to the appropriate service.

ab) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effected. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

ac) Fair Value Measurement

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

- 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 Council measures the fair value of an asset or liability using the assumptions that market

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

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

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

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date

- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

- Level 3 - unobservable inputs for the asset or liability.

ad) Segmental Analysis

The Council operates with three directorates. All services of the Council fall into one of these directorates. The main service areas within each directorate are as follows:

Growth - Chief Executive; Partnership team; Economic Development; Housing Strategy; Planning; Environmental Health; Legal; Governance and Elections and Scrutiny.

Operations - Procurement (client); Finance; Revenues and Benefits; Audit (client); Streetscene; Community Safety; Housing Revenue Account; Property and Estates.

Transformation - ICT (client); Customer Services; Improvement Team; Emergency Planning; Leisure; Human Resources; Health and Safety; Payroll.

2 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of the accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2017/18 Code:

- *IFRS 9 Financial Instruments* - which introduces extensive changes to the classification and measurement of financial assets and a new 'expected credit loss' model for impairing financial assets.

- *IFRS 15 Revenue from Contracts with Customers* - brings new requirements for the recognition of revenue based on a control-based revenue recognition model.

- *IFRS 16 Leases* - will bring most leases on-balance sheet for lessees from 2019.

- *IAS 7 Statement of Cash Flows: Disclosure Initiative* - will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 26) in future years.

- *IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* - amendments to this apply to deferred tax assets related to debt instruments measured at fair value.

The Council does not anticipate that the above amendments will have a material impact on the information provided in the financial statements.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

● There is a high degree of uncertainty about future levels of funding for local government. Bolsover District Council is undertaking an ongoing review of its provision of services in response to known and likely future funding reductions. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired if it were necessary to close facilities and reduce levels of service provision.

● The Council has determined the impairment of its financial assets based on a range of factors including aged debt profiling of its debtors, including benefit overpayments, council tax and NDR.

- An exercise is undertaken to assess whether capital expenditure incurred enhances an asset. A further judgement is then made as to whether there is a consequent requirement to derecognise any existing value of any component of the asset. For Council Dwellings the Council derecognises a component when the expenditure exceeds 75% of the carrying value of the component. Expenditure on components below this value is impaired through the Comprehensive Income and Expenditure Statement.

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

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

The items in the Council's Balance Sheet at 31 March 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	The Council's assets are reviewed for impairment on an annual basis by the Council's Senior Valuer. The impairment review considers the overall market conditions as well as any impairment relating to loss of economic benefit.	If the level of impairment is changed this will impact on the net worth of the Council. Impairment charges are reflected in the Accounts but are reversed through the Movement in Reserves Statement so that there is no impact on the council tax or rent payer.
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.	It is estimated that the annual depreciation charge for plant and buildings, including council dwellings, would increase by £799,674 for every year that useful lives had to be reduced. As above there is no impact on the council tax or rent payer.
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 accounting 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 instance, a 0.5% decrease in the Real Discount Rate would result in an approximate 10% increase to Employer Liability resulting in an approximate monetary increase of £13,060,000.
Arrears	At 31 March 2018, the Council had a sundry debtor balance of £549,072 rents of £1,272,394, overpaid housing benefits of £2,026,139, non-domestic rates of £220,497 and council tax of £366,822. A review of impairment allowances has been undertaken based on the age of the debt, and a total allowance for impairment of £2,423,038 has been made in the Accounts.	If collection rates were to change, either positively or negatively, this would be reflected in the current years budgets as an increase or decrease in the provision requirements. Any change in the budgeted provision would impact on reserve balances. If collection rates were to deteriorate, an additional impairment of 10% on debtor balances would require an additional provision of £260,091.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Non-domestic rates appeal, provision	The Council has made a provision in the Collection Fund of £3,324,201 for refunding ratepayers who having made an appeal against the rateable value of their property on the rating list, who achieve a successful outcome. The appeal information relates to values going back a number of years. It is not known what the knock-on effect of successful appeals for neighbouring businesses may be.	If appeal outcomes were considerably different to the independent assessment received, the Collection Fund would be charged with the difference. The extra cost would then be shared out amongst the major preceptors, Central Government and the Council based on their relative share. The Council's share is 40% of the provision (£1,329,680) which is held in the balance sheet.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilites in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Senior Valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 11, 12 and 13.	The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates - adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

5 Material Items of Income and Expense

2017/18

Surplus or deficit on revaluation of Property, Plant and Equipment. The £4.9m surplus is mainly due to the Council dwellings increase on the annual revaluation. This has been recognised in the revaluation reserve as there remains no previous impairment to reverse. £6.8m has been debited to the HRA as a revaluation decrease of dwellings. This is due in part to immediately writing down the cost of building 26 new Council properties to the East Midlands social housing factor of 42%. The remainder of the charge is derecognition of components within the Council dwellings as new components are added.

2016/17

Remeasurement of net defined benefit/liability. The results for the Local Government Pension Scheme for 2016/17 showed a worsened balance sheet position with a net increase in the scheme liability of £5.3m. This is as a result of a significant decrease in the net discount rate over the period. The net cost on the Comprehensive Income and Expenditure Statement is £3.9m. As detailed in note 38 this cost is not to be met by council tax payers due to accounting regulations.

Surplus or deficit on revaluation of Property, Plant and Equipment. The large surplus is mainly due to the Council dwellings valuation. The East Midlands social housing reduction factor has increased from 34% to 42%. The balance sheet value has increased by £31m. £19m of the increase has been posted to the revaluation reserve as there remains no previous impairment to reverse. £12m has been credited to the HRA as a revaluation increase of dwellings.

6 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance and Resources 24 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 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7 Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund and HRA balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis 2017/18

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
	£'000	**£'000**	**£'000**	**£'000**
Growth Directorate	12	332	(781)	**(437)**
Operations Directorate	1,388	(114)	201	**1,475**
Operations Directorate - HRA	10,814	723	(90)	**11,447**
Transformation Directorate	1,214	499	(107)	**1,606**
Net Cost of Services	**13,428**	**1,440**	**(777)**	**14,091**
Other income and expenditure from the Funding Analysis	(7,879)	1,074	13,770	**6,965**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	**5,549**	**2,514**	**12,993**	**21,056**

Adjustments between Funding and Accounting Basis 2016/17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
	£'000	**£'000**	**£'000**	**£'000**
Growth Directorate	10	191	14	**215**
Operations Directorate	506	(580)	215	**141**
Operations Directorate - HRA	(7,186)	403	(52)	**(6,835)**
Transformation Directorate	614	278	(93)	**799**
Net Cost of Services	**(6,056)**	**292**	**84**	**(5,680)**
Other income and expenditure from the Funding Analysis	(8,927)	1,237	(1,516)	**(9,206)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit	**(14,983)**	**1,529**	**(1,432)**	**(14,886)**

Adjustments for Capital Purposes

1) Adjustments for capital purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** -

  adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing and investment income and expenditure** -

the statutory charges for capital financing i.e. Minimum Revenue Provision and other Revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure** -

capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services**

this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- **For financing and investment income and expenditure**

the net interest on the defined benefit liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For financing and investment income and expenditure**

the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- **The charge under Taxation and non-specific grant income and expenditure**

represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income

Income received on a segmental basis is analysed below:

	2017/18	2016/17

Services	Income from Services £'000	Income from Services £'000
Growth Directorate	(2,114)	(2,509)
Operations Directorate	(22,694)	(23,687)
Operations Directorate - HRA	(21,983)	(21,550)
Transformation Directorate	(1,779)	(1,148)
Total income analysed on a segmental basis	(48,570)	(48,894)

8 Expenditure and Income Analysed by Nature

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

Expenditure/Income	2017/18 £'000	2016/17 £'000
Expenditure		
Employee benefits expenses	15,830	13,887
Other services expenses	33,021	33,243
Support service recharges	(70)	(69)
Depreciation, amortisation, impairment	14,893	(5,454)
Interest payments	3,683	3,672
Precepts and levies	2,873	2,696
Payments to Housing Capital Receipts Pool	453	466
Gain on the disposal of assets	835	724
Pensions interest cost	1,074	1,237
Investment property expenditure	495	441
Trading activities expenditure	133	115
Total expenditure	73,220	50,958
Income		
Fees, charges and other service income	(48,570)	(48,894)
Service specific government grants	(1,595)	(871)
	(50,165)	(49,765)
Interest and investment income	(209)	(173)
Movement in Fair Value of Investment Property	85	607
Investment property income	(737)	(785)
Trading activities income	(219)	(179)
Income from council tax and non-domestic rates	(9,306)	(10,021)
General government grants and contributions	(4,450)	(5,474)
Total income	(65,001)	(65,790)
Surplus or Deficit on the Provision of Services	**8,219**	**(14,832)**

9 Analysis of the Movement in Reserves Statement - Adjustments Between Accounting Basis and Funding Basis

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance - The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund 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. The balance is not available to be applied to funding HRA services.

Housing Revenue Account Balance - The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve - The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

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 year-end.

Capital Grants Unapplied - The Capital Grants Unapplied Account (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. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2017/18	Usable Reserves General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs 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:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(2,060)	(454)			
Council tax and NDR (transfers to or from Collection Fund)	(2,436)				
Holiday pay (transferred to the Accumulated Absences Reserve)	3	4			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,560)	(13,824)			(730)
Total Adjustments to Revenue Resources	(6,053)	(14,274)	0	0	(730)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		2,352	(2,352)		
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(453)		453		
Posting of HRA resources from revenue to the Major Repairs Reserve		5,376		(5,376)	
Reversal of statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)				(11,015)	
Creation of Reserve for the repayment of debt (transfer from the Major Repairs Reserve)				0	
Total Adjustments between Revenue and Capital Resources	(453)	7,728	(1,899)	(16,391)	0
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure			2,844		
Use of the Major Repairs Reserve to finance capital expenditure				6,626	
Application of capital grants to finance capital expenditure					358
Total Adjustments to Capital Resources	0	0	2,844	6,626	358
Net transfers (to)/from Earmarked Reserves	3,375	(11,379)	0	11,015	0
TOTAL ADJUSTMENTS	**(3,131)**	**(17,925)**	**945**	**1,250**	**(372)**

	Usable Reserves				
2016/17	**General Fund Balance**	**Housing Revenue Account**	**Capital Receipts Reserve**	**Major Repairs Reserve**	**Capital Grants Unapplied**
	£'000	**£'000**	**£'000**	**£'000**	**£'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:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(998)	(531)			
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(32)				
Council tax and NDR (transfers to or from Collection Fund)	1,718				
Holiday pay (transferred to the Accumulated Absences Reserve)	2	1			
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(211)	4,450			(882)
Total Adjustments to Revenue Resources	479	3,920	0	0	(882)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve		2,049	(2,049)		
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(466)		466		
Posting of HRA resources from revenue to the Major Repairs Reserve		6,466		(6,466)	
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)		1,014			
Total Adjustments between Revenue and Capital Resources	(466)	9,529	(1,583)	(6,466)	0
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure			2,131		
Use of the Major Repairs Reserve to finance capital expenditure				4,102	
Application of capital grants to finance capital expenditure					18
Total Adjustments to Capital Resources	0	0	2,131	4,102	18
Net transfers (to)/from Earmarked Reserves	1,902	(478)	0	0	0
TOTAL ADJUSTMENTS	**1,915**	**12,971**	**548**	**(2,364)**	**(864)**

10 Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2017/18.

	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
General Fund/HRA							
Area Based Grant/Working Neighbourhoods Fund	(256)	51	0	**(205)**	40	0	**(165)**
Debt repayment - HRA	0	0	0	**0**	0	(12,082)	**(12,082)**
General	(406)	14	(46)	**(438)**	61	(23)	**(400)**
NDR Growth Protection	(1,500)	860	0	**(640)**	166	(1,154)	**(1,628)**
Insurance - GF	(408)	62	(90)	**(436)**	34	(90)	**(492)**
Insurance - HRA	(66)	37	(50)	**(79)**	4	(50)	**(125)**
IT and Office Equipment	(116)	44	(75)	**(147)**	63	(75)	**(159)**
Legal Costs	(69)	3	(69)	**(135)**	0	0	**(135)**
Local Development Scheme	(236)	(70)	73	**(233)**	23	(45)	**(255)**
New Build Reserve - HRA	(885)	5	(200)	**(1,080)**	915	(100)	**(265)**
Planning Delivery	(92)	3	0	**(89)**	5	0	**(84)**
Planning Fees	0	0	0	**0**		(12)	**(12)**
Transformation Reserve	(5,571)	1,655	(2,326)	**(6,242)**	2,007	(2,439)	**(6,674)**
Vehicle Repair and Renewal - GF	(39)	5	(12)	**(46)**	0	(13)	**(59)**
Vehicle Repair and Renewal - HRA	(498)	413	(220)	**(305)**	132	(180)	**(353)**
Total Earmarked Reserves	**(10,142)**	**3,082**	**(3,015)**	**(10,075)**	**3,450**	**(16,263)**	**(22,888)**

11 Property, Plant and Equipment

Movements in 2017/18	Council Dwellings £000	Other Land and Building £000	Vehicles, Plant and Equipment £000	Leased Vehicles £000	Infrastructure Assets £000	Assets Under Construction £000	Community Assets £000	Surplus Assets £000	Total Property, Plant and Equipment £000
Cost or Valuation:									
At 1 April 2017	172,363	17,644	6,550	0	102	1,818	1,771	3,085	**203,333**
Additions	10,035	1,223	344	42	0	3,257	0	0	**14,901**
Revaluation increases/(decreases) recognised in the revaluation reserve	1,959	448	0	0	0	0	(580)	(185)	**1,642**
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(6,464)	(798)	(40)	0	0	(637)	(2)	(1,053)	**(8,994)**
Derecognition - disposals	(2,889)	0	0	0	0	0	0	(178)	**(3,067)**
Derecognition - other	0	0	(252)	0	0	0	0	0	**(252)**
Other movements in cost or valuation	1,151	0	0	0	0	(1,151)	0	0	**0**
At 31 March 2018	**176,155**	**18,517**	**6,602**	**42**	**102**	**3,287**	**1,189**	**1,669**	**207,563**
Accumulated Depreciation and Impairment:									
At 1 April 2017	0	0	(2,256)	0	0	0	0	0	**(2,256)**
Depreciation charge	(3,181)	(497)	(956)	(21)	(5)	0	0	(10)	**(4,670)**
Depreciation written out to revaluation reserve	2,865	428	0	0	5	0	0	1	**3,299**
Depreciation written out following revaluation to the surplus/(deficit) on the provision of services	253	69	0	0	0	0	0	9	**331**
Derecognition - disposal	63	0	190	0	0	0	0	0	**253**
Derecognition - other	0	0	0	0	0	0	0	0	**0**
At 31 March 2018	**0**	**0**	**(3,022)**	**(21)**	**0**	**0**	**0**	**0**	**(3,043)**
Net Book Value									
At 31 March 2018	**176,155**	**18,517**	**3,580**	**21**	**102**	**3,287**	**1,189**	**1,669**	**204,520**
At 31 March 2017	**172,363**	**17,644**	**4,294**	**0**	**102**	**1,818**	**1,771**	**3,085**	**201,077**

Movements in 2016/17	**Council Dwellings £000**	**Other Land and Building £000**	**Vehicles, Plant and Equipment £000**	**Leased Vehicles £000**	**Infrastructure Assets £000**	**Assets Under Construction £000**	**Community Assets £000**	**Surplus Assets £000**	**Total Property, Plant and Equipment £000**
Cost or Valuation:									
At 1 April 2016	135,338	13,104	4,182	56	97	1,022	773	3,217	**157,789**
Additions	4,569	3,799	2,649	0	0	1,181	0	0	**12,198**
Revaluation increases/(decreases) recognised in the revaluation reserve	24,674	2,742	0	0	5	0	(649)	(132)	**26,640**
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	10,188	(326)	0	0	0	0	(28)	0	**9,834**
Derecognition - disposals	(2,791)	0	(281)	0	0	0	0	0	**(3,072)**
Derecognition - other	0	0	0	(56)	0	0	0	0	**(56)**
Other movements in cost or valuation	385	(1,675)	0	0	0	(385)	1,675	0	**0**
At 31 March 2017	**172,363**	**17,644**	**6,550**	**0**	**102**	**1,818**	**1,771**	**3,085**	**203,333**
Accumulated Depreciation and Impairment:									
At 1 April 2016	0	0	(1,975)	(37)	0	0	0	0	**(2,012)**
Depreciation charge	(3,028)	(316)	(520)	(19)	(5)	0	0	(10)	**(3,898)**
Depreciation written out to revaluation reserve	2,743	238	0	0	5	0	43	1	**3,030**
Depreciation written out following revaluation to the surplus/(deficit) on the provision of services	224	35	0	0	0	0	0	9	**268**
Derecognition - disposal	61	0	239	0	0	0	0	0	**300**
Derecognition - other	0	43	0	56	0	0	(43)	0	**56**
At 31 March 2017	**0**	**0**	**(2,256)**	**0**	**0**	**0**	**0**	**0**	**(2,256)**
Net Book Value									
At 31 March 2017	**172,363**	**17,644**	**4,294**	**0**	**102**	**1,818**	**1,771**	**3,085**	**201,077**
At 31 March 2016	**135,338**	**13,104**	**2,207**	**19**	**97**	**1,022**	**773**	**3,217**	**155,777**

Depreciation

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

- Council Dwellings Components
    - Land - 0 years
    - Structure - 50 years
    - Roof - 50 years
    - Kitchen - 30 years
    - Windows and doors - 40 years
    - Services - 30 years
    - Externals - 25 years
- Other Land and Buildings - 10-50 years
- Vehicles, Plant, Furniture and Equipment - 5-11 years
- Infrastructure - 18-29 years
- Surplus Assets - 10-50 years

Effects of Changes in Estimates

There have been no changes in estimates during 2017/18.

Revaluations

The Council carries out a programme that ensures that all Property (including Investment Property), Plant and Equipment required to be measured at fair value is revalued at least every five years, supported by an annual desk-top review. All valuations for 2017/18 were carried out internally by a suitably qualified valuer. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The last full valuation which provided values as at 1 April 2013 was undertaken in 2013/14.

Creswell Leisure Centre

The Council holds Creswell Leisure Centre in trust for the benefit of the inhabitants of the District. The Council no longer occupy the building and are considering options to return the asset to the community. It is therefore deemed appropriate that the asset is valued as a Community Asset on the balance sheet. The carrying value of the asset at 31 March 2018 is £510,000 (£1,058,000 2016/17).

Revaluations

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Leased Vehicles £000	Infrastructure £000	Assets Under Construction £000	Community Assets £000	Surplus Assets £000	Total £000
Carried at historical cost	0	0	6,602	42	102	3,287	1,189	0	**11,222**
Valued at fair value as at:									
- 31 March 2018	3,792	873	0	0	0	0	0	(1,416)	**3,249**
- 31 March 2017	37,025	4,540	0	0	0	0	0	(132)	**41,433**
- 31 March 2016	2,703	1,036	0	0	0	0	0	269	**4,008**
- 31 March 2015	1,001	601	0	0	0	0	0	14	**1,616**
- 31 March 2014	131,634	11,467	0	0	0	0	0	2,934	**146,035**
Total Cost or Valuation	**176,155**	**18,517**	**6,602**	**42**	**102**	**3,287**	**1,189**	**1,669**	**207,563**

Details of the Investment Properties held on the balance sheet are provided in the following note.

Fair Value Hierarchy - Surplus Assets

Details of the Council's Surplus Assets and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2018 £'000
Industrial Units	315	0	315
Shops	11	0	11
Land	1,044	300	1,344
Total	**1,370**	**300**	**1,670**

Previous year comparative figures:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2017 £'000
Industrial Units	513	0	513
Shops	11	0	11
Land	2,237	324	2,561
Total	**2,761**	**324**	**3,085**

Transfers between Levels of the Fair Value Hierarchy

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

Valuation techniques used to determine Level 2 and 3 Fair Values for Surplus Assets

Significant Observable Inputs - Level 2

This has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council's area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs - Level 3

This is based on the premise that the data is not availble using the market approach to make a catagorisation of level 1 or 2. Therefore level 3 is based on the best information available and the asssumptions that the market participants would use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for surplus assets.

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

Land categorised within Level 3

	31 March 2018 £'000	31 March 2017 £'000
Opening balance	324	332
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(8)	(8)
Additions	0	0
Disposals	(16)	0
Closing balance	**300**	**324**

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

	31 March 2018 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Surplus Assets	300	Income approach using a discounted cash flow (DCF) technique	Rent growth Vacancy levels Discount rate	Significant changes in rent growth; vacancy levels or discount rate will result in a significantly lower or higher fair value

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

12 Investment Properties

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

	2017/18 £000	2016/17 £000
Rental income from investment property	(737)	(785)
Direct operating expenses arising from property investment	495	441
Net (gain)/loss	**(242)**	**(344)**

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

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 the year	5,156	5,540
Additions:		
- purchases	0	0
- construction	0	0
- subsequent expenditure	507	223
Disposals	(117)	0
Net gains/(losses) from fair value adjustments	(85)	(607)
Transfers:		
- (to)/from property, plant and equipment	0	0
- (to)/from current held for sale investment property	0	0
Balance at end of year	**5,461**	**5,156**

Fair Value Hierarchy - Investment Properties

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2018 £'000
Office units	1,197	0	1,197
Commercial Units	4,156	108	4,264
Total	**5,353**	**108**	**5,461**

Previous year comparative figures:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2017 £'000
Office units	1,197	0	1,197
Commercial Units	3,831	128	3,959
Total	**5,028**	**128**	**5,156**

Transfers between Levels of the Fair Value Hierarchy

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

Valuation techniques used to determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs - Level 2

The fair value for the level 2 investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the Council's area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs - Level 3

The level 3 investment properties are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs,etc.

Some of the Council's investment properties are categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonable available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

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

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

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

Investment properties categorised within Level 3

	31 March 2018 £'000	31 March 2017 £'000
Opening balance	128	125
Transfers into Level 3	0	0
Transfers out of Level 3	0	0
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	(20)	3
Additions	0	0
Disposals	0	0
Closing balance	**108**	**128**

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

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

	31 March 2018 £'000	Valuation technique used to measure fair value	Unobservable inputs	Sensitivity
Commercial units	108	Income approach using a discounted cash flow (DCF) technique	Rent growth Vacancy levels Discount rate	Significant changes in rent growth; vacancy levels or discount rate will result in a significantly lower or higher fair value

Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

13 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The carrying amount of intangible assets is amortised on a straight line basis.

	2017/18 £000	2016/17 £000
Balance at start of year:		
- Gross carrying amounts	412	307
- Accumulated depreciation	(150)	(108)
Net carrying amount at start of year	**262**	**199**
Additions:		
- Purchases	67	105
Derecognition	(9)	0
Amortisations:		
- Amortisation for the period	(63)	(42)
- Derecognition	6	0
Net carrying amount at end of year	**263**	**262**

14 Financial Instruments

Financial Liabilities

The Council's financial liabilities held during the year comprised:

- long-term loans from the Public Works Loan Board
- short-term loans from parish councils
- finance leases detailed in note 35
- trade payables for goods and services received.

Financial Assets

The financial assets held by the Council during the year were as follows:

Loans and receivables:

- cash in hand
- bank current account with Lloyds bank
- fixed term deposits with banks and building societies
- loans to other local authorities
- lease receivables detailed in note 35
- trade receivables for goods and services delivered

Available for sale financial assets:

- money market funds
- equity investment in Dragonfly Development Limited (unquoted)

Financial Instrument - Balances

The financial instruments disclosed in the Balance Sheet are analysed across the following categories:

	Long Term		Current	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Financial Assets				
Loans and receivables:	40	0	29,049	25,012

Available-for-sale investments:	0	0	0	15,004
Unquoted equity investment at cost	23	18	-	-
Total Investments	**63**	**18**	**29,049**	**40,016**
Loans and receivables:	-	-	(362)	341
Available-for-sale investments:	-	-	7,002	2,000
Total Cash and Cash Equivalents	**0**	**0**	**6,640**	**2,341**
Loans and receivables included in Debtors*	**63**	**63**	**2,577**	**2,126**
Total Financial Assets	**126**	**81**	**38,266**	**44,483**
Financial Liabilities				
Loans at amortised cost:	(102,100)	(102,100)	(806)	(1,655)
Total Borrowings	**(102,100)**	**(102,100)**	**(806)**	**(1,655)**
Liabilities at amortised cost included in Creditors**	**(46)**	**0**	**(3,548)**	**(3,012)**
Total Financial Liabilities	**(102,146)**	**(102,100)**	**(4,354)**	**(4,667)**

* The debtors line on the Balance Sheet includes £1,352,079 (£1,637,108 in 2016/17) that do not meet the definition of a financial asset.

** The creditors line on the Balance Sheet includes £3,115,765 (£5,357,128 in 2016/17) that do not meet the definition of a financial liability.

Financial Instruments - Gains and Losses

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

	Financial Liabilities	Financial Assets	Total	Total
	Amortised Cost	Loans and Receivables	2017/18	2016/17
	£000	£000	£000	£000
Interest expense	3,683	-	3,683	3,672
Interest payable and similar charges	**3,683**	**0**	**3,683**	**3,672**
Interest income	-	(176)	(176)	(82)
Dividend income	-	(33)	(33)	(91)
Interest and investment income	**0**	**(209)**	**(209)**	**(173)**
Net gain/(loss) for the year	**3,683**	**(209)**	**3,474**	**3,499**

Financial Instruments - Fair Values

Financial assets classified as available for sale are money market funds which are carried in the Balance Sheet at fair value. The fair value is taken from the market price.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities, eg bond prices
- Level 2 - fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, eg interest rates
- Level 3 - fair value is determined using unobservable inputs, eg non-market data such as cash flow forecasts or estimated creditworthiness

	Fair Value Level	31 March 2018 Balance Sheet £000	31 March 2018 Fair value £000	31 March 2017 Balance Sheet £000	31 March 2017 Fair value £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	(102,429)	(117,359)	(103,429)	(123,040)
Other long-term loans	3	(477)	(477)	(326)	(326)
Total		(102,906)	(117,836)	(103,755)	(123,366)
Liabilities for which fair value is not disclosed*		(3,594)		(3,012)	
Total Financial Liabilities		**(106,500)**		**(106,767)**	
Recorded on balance sheet as:					
Short-term creditors		(6,664)		(8,369)	
Less non-financial liability element		3,116		5,357	
Short-term borrowing		(806)		(1,655)	
Long-term creditors		(46)		0	

Long-term borrowing	(102,100)	(102,100)
Total Financial Liabilities	**(106,500)**	**(106,767)**

* The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

	Fair Value Level	31 March 2018 Balance Sheet £000	31 March 2018 Fair value £000	31 March 2017 Balance Sheet £000	31 March 2017 Fair value £000
Financial assets held at fair value:					
Money market funds	2	7,002	7,002	2,000	2,000
Loans and receivables	3	40	40	0	0
Shares in unlisted companies	3	23	23	18	18
Financial assets held at amortised cost:					
Short-term bank deposits	2	29,049	29,049	25,012	25,012
Money market funds	2	0	0	15,004	15,004
Total		36,114	36,114	42,034	42,034
Assets for which fair value is not disclosed*		2,279		2,531	
Total Financial Assets		**38,393**		**44,565**	
Recorded on balance sheet as:					
Long-term debtors		64		64	
Short-term debtors		3,929		3,763	
Less non-financial asset element		(1,352)		(1,637)	
Long-term investments		63		18	
Short-term investments		29,049		40,016	
Cash and cash equivalents		6,640		2,341	
Total Financial Assets		**38,393**		**44,565**	

* The fair value of short-term financial assets including trade receivables and cash balances are assumed to approximate to the carrying amount.

Financial Instruments - Risks

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council.

- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.

- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such areas as interest rates movements.

The Council's Treasury Management Strategy incorporates appropriate risk management procedures and policies. These focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund services. Incorporated within the Treasury Management Strategy are written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk - Investments and Trade Receivables

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

Measures to minimise this risk are agreed through the annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet the identified minimum requirements of the investment criteria, in accordance with the Fitch, Moody's and Standard and Poors' Credit Ratings Services. The Annual Treasury Management Strategy also establishes 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 credit criteria in respect of financial assets held by the authority are as follows:

<u>Specified Investments</u>
These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. These would include investments with:

The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity).

Supranational bonds of less than one year's duration.

A local authority (including parish council).

An investment scheme that has been awarded a high credit rating (where a borrower (or its parent) is required to have a minimum AA or equivalent short-term credit rating).

A body that has been awarded a high credit rating by a credit rating agency such as a bank, building society or money market fund.

Rated Building Societies from the top 20 Building Societies.

Non UK banks domiciled in a country which has a sovereign long term rating of AA+.

Limits and Controls on these investments:

A limit of £5m to be invested with any individual counterparty

A limit of £5m to be invested in any AA rated/enhanced money market fund

Council's own bank - limited to overnight cash balances up to £5m as long as the rating does not fall below the above criteria

All lending subject to "on the day" credit checks against the weekly list of counterparty ratings

Non-specified Investments

These are any other type of investment that don't meet the specified investment criteria. They include investments for greater than 1 year.

Limits and Controls on non-specified investments:

The overall level of investment in non-specified instruments will be limited to £10m.

The counterparties which may be used are limited to those outlined above or permitted in the specified investments.

No more than £5m as an overall limit with any counterparty (i.e. The Council will not invest more than £5m with any counterparty be it specified or non-specified investments or both).

Given that Lloyds bank is the holder of the Council's current account, no non-specified investments will be placed with that institution as it would make it very difficult to limit our level of risk in respect of that bank.

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

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

The following analysis summarises the Council’s potential maximum exposure to credit risk, 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, adjusted to reflect current market conditions.

	Principal Amount at 31 March 2018 £000	Historical Experience of Default £000	Historical Experience Adjusted for Market Conditions at 31 March 2018 £000	Estimated Maximum Exposure to Default at 31 March 2018 £000	Estimated Maximum Exposure to Default at 31 March 2017 £000
	a	b	c	a x c	
'A' rated	5,000	0.05%	0.05%	2	10
'AAA' rated counterparties	24,000	0.00%	0.00%	0	0
Total Investments	**29,000**	**0.05%**	**0.05%**	**2**	**10**
Trade Debtors < 90 days	942	0	0	0	0
Trade Debtors 90 - 120+ days	2,854	74.72%	74.72%	2,133	2,037
Miscellaneous Debtors	1,188	0	0	1,188	246
Total Debtors	**4,984**			**3,321**	**2,283**

The Council does not generally allow credit for its trade debtors, such that £3,152,912 of the £4,983,993 balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2018 £000	31 March 2017 £000
30-89 days	299	239
90-119 days	215	175
More than 120 days	2,639	2,688
Total	**3,153**	**3,102**

Liquidity Risk

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

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial instruments is as follows:

	31 March 2018			31 March 2017		
Time to maturity	**Liabilities**	**Assets**	**Net**	**Liabilities**	**Assets**	**Net**
(years)	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Less than 1	(4,354)	31,626	27,272	(4,667)	42,142	37,475
Between 1 and 2	(3,000)	0	(3,000)	0	0	0
Between 2 and 5	(9,746)	63	(9,683)	(8,700)	18	(8,682)
Between 5 and 10	(23,400)	63	(23,337)	(19,600)	63	(19,537)
More than 10	(66,000)	0	(66,000)	(73,800)	0	(73,800)
Total	**(106,500)**	**31,752**	**(74,748)**	**(106,767)**	**42,223**	**(64,544)**

Market Risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and 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 rate interest rates would have the following effects:

● Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.

● Borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances).

● Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise.

● Investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and will affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

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

If all interest rates had been 1% higher (with all variables held constant) the financial effect would be:

	31 March 2018 £000	**31 March 2017 £000**
Increase in interest payable on variable rate borrowings	3	3
Increase in interest receivable on variable rate investments	(77)	(216)
Impact on Surplus or Deficit on the Provision of Services	(74)	(213)
Decrease in fair value of available for sale financial assets	0	0
Impact on Other Comprehensive Income and Expenditure	(74)	(213)
Share of overall impact credited to the HRA	13	7

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

Market Risks: Price risk - The Council's investment in equity shares would be subject to the risk of falling share prices if the shares were listed on the stock exchange. This risk would be limited by the Council's maximum exposure to equity investments of £50,000. The shares are not currently listed on the stock exchange so this is not an issue for this financial year.

Market Risks: Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no intentional exposure to loss arising from movements in exchange rates.

15 Inventories

	Balance at start of year	Purchases	Expenses in year	Written off balances	Balance at end of year
	£000	£000	£000	£000	£000
Building Materials					
2016/17	80	1,034	(1,043)	0	71
2017/18	71	1,040	(1,029)	0	82
Sports					
2016/17	1	29	(29)	0	1
2017/18	1	40	(39)		2
Catering					
2016/17	0	12	(11)	0	1
2017/18	1	62	(60)	0	3
Fuel					
2016/17	18	329	(334)	0	13
2017/18	13	364	(351)	0	26
Stationery					
2016/17	3	3	(3)	0	3
2017/18	3	3	(3)	0	3
Total 2016/17	**102**	**1,407**	**(1,420)**	**0**	**89**
Total 2017/18	**89**	**1,509**	**(1,482)**	**0**	**116**

16 Capital Commitments

The Council has the following capital commitments:

Capital Commitments	31 March 2018 £000	31 March 2017 £000
Disabled Facilities Grants	160	304
Fleet Vehicles	42	116
Clowne Leisure Centre - Go Active at the Arc	0	80
The Tangent extension	32	104
Pleasley Vale works	47	171
New Bolsover Model Village project	6,848	10,569
B @ Home Programme	73	774
Safe and Warm	50	0
HRA Door replacement scheme	71	0
Total	**7,323**	**12,118**

17 Short-term Debtors

	31 March 2018 £000	31 March 2017 £000
Central Government Bodies	308	684
Other Local Authorities	85	79
Other Entities and Individuals	3,536	3,000
Total	**3,929**	**3,763**

18 Cash Flow Statement - Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2018 £000	31 March 2017 £000
Cash held by the Council	(362)	341
Bank call accounts	7,002	2,000
Total	**6,640**	**2,341**

19 Assets Held for Sale

	31 March 2018 £'000	31 March 2017 £'000
Balance outstanding at year-end	**0**	**0**

20 Short-term Creditors

	31 March 2018 £000	31 March 2017 £000
Central Government Bodies	(2,346)	(3,874)
Other Local Authorities	(1,478)	(1,666)
Other Entities and Individuals	(2,840)	(2,829)
Total	**(6,664)**	**(8,369)**

21 Provisions

	Legal Costs £000	Single Status £000	Non-domestic Rates £000	Total £000
Balance at 1 April 2017	(178)	(450)	(1,067)	(1,695)
Provisions made in 2017/18	0	(1,084)	(1,388)	(2,472)
Amounts used in 2017/18	0	784	178	962
Balance at 31 March 2018	**(178)**	**(750)**	**(2,277)**	**(3,205)**

The Legal Costs provision has been created for costs which are potentially to be incurred relating to the MMI scheme of arrangement and future, currently unknown claims.

The Single Status provision is held to fund any payments made to potential claimants in exchange for their rights to pursue an equal pay claim. Claims are dealt with on an individual basis. For this reason there is some uncertainty regarding the amount payable and the timescale for payments. During 2017/18 roughly 1/3rd of potential claims were resolved as "traditional equal pay cases". 2/3rds of the potential claims remain to be resolved as "none traditional equal pay cases".

The Local Government Finance Act 2012 introduced a business rates retention scheme. Billing authorities are required to make a provision for any potential liabilities as a result of refunding ratepayers who have appealed against the rateable value of their properties. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA) plus an amount for appeals expected but not yet lodged with the VOA. As the outcome of any appeals are determined by the VOA, it is uncertain when the claims will be settled. As there are still claims outstanding from pre 2010 it has been decided to classify the provision as long term. This provision relates to only the Council's share of the potential costs which is 40%.

22 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and note 9 .

23 Unusable Reserves

	2017/18 £000	2016/17 £000
Revaluation Reserve	(57,479)	(54,417)
Capital Adjustment Account	(40,311)	(53,248)
Pensions Reserve	39,853	40,602
Deferred Capital Receipts Reserve	(63)	(63)
Collection Fund Adjustment Account	1,287	(1,149)
Accumulated Absences Account	87	94
Available for Sale Financial Instruments Reserve	32	32
Total	**(56,594)**	**(68,149)**

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	2017/18 £000	2016/17 £000
Balance at 1 April	**(54,417)**	**(26,319)**
Upward revaluation of assets	(7,763)	(33,360)
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	2,822	3,690
(Surplus) or deficit on revaluation of non current assets not posted to the Comprehensive Income and Expenditure Statement	(4,941)	(29,670)
Difference between fair value depreciation and historical cost depreciation	1,256	1,029
Accumulated gains on assets sold or scrapped	623	543
Amount written off to the Capital Adjustment Account	1,879	1,572
Balance at 31 March	**(57,479)**	**(54,417)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve are provided in note 9.

	2017/18 £000	2016/17 £000
Balance at 1 April	**(53,248)**	**(39,377)**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non current assets	13,335	(6,204)
- Derecognition of property, plant and equipment	1,676	1,342
- Amortisation of intangible assets	63	42
- Revenue Expenditure Funded from Capital Under Statute	1,495	712
- Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to The Comprehensive Income and Expenditure Statement	1,511	1,432
	18,080	(2,676)
Adjusting amounts written out of the Revaluation Reserve	(1,879)	(1,572)
Net written out amount of the cost of non current assets consumed in the year	**16,201**	**(4,248)**
Capital financing applied in the year:		
- Use of Capital Receipts Reserve to finance new capital expenditure	(716)	(994)
- Use of Capital Receipts Reserve to finance historical capital expenditure	(2,128)	(1,137)
- Use of the Major Repairs Reserve to finance new capital expenditure	(6,626)	(4,102)
- Use of the Major Repairs Reserve to finance historical capital expenditure	0	(1,015)
- Reversal of use of the Major Repairs Reserve to finance historical capital expenditure	11,015	0
- Application of grants to capital financing from the Capital Grants Unapplied Account	(1,682)	(1,029)
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(715)	(278)
- Capital expenditure charged against the General Fund and HRA balances	(13)	0
- Capital expenditure charged against reserves	(2,484)	(1,675)
	(3,349)	**(10,230)**
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	**85**	**607**
Balance at 31 March	**(40,311)**	**(53,248)**

Pensions Reserve

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

	2017/18 £000	2016/17 £000
Balance at 1 April	**40,602**	**35,215**
Actuarial gains or losses on pensions assets and liabilities	(3,263)	3,858
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	5,091	3,897
Employer's pension contributions and direct payments to pensioners payable in the year	(2,577)	(2,368)
Balance at 31 March	**39,853**	**40,602**

Deferred Capital Receipts Reserve

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

	2017/18 £000	2016/17 £000
Balance at 1 April - Rent to Mortgage - Property Charge	**(63)**	**(63)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March - Rent to Mortgage - Property Charge	**(63)**	**(63)**

Collection Fund Adjustment Account

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

	2017/18 £000	2016/17 £000
Balance at 1 April	**(1,149)**	**570**
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	2,436	(1,719)
Balance at 31 March	**1,287**	**(1,149)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences, principally holidays, earned but not taken in the year. 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 1 April	**94**	**97**
Settlement or cancellation of accrual made at the end of the preceding year	(94)	(97)
Amounts accrued at the end of the current year	87	94
Amount by which Officer remuneration charged to the CIES is different from remuneration chargeable in the year in accordance with statutory requirements	(7)	(3)
Balance at 31 March	**87**	**94**

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains and losses made by the Council arising from movement in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

	2017/18 £000	2016/17 £000
Balance at 1 April	**32**	**32**
Upward revaluation of investments	0	0
Downward revaluation of investments charged to the CIES	0	0
Balance at 31 March	**32**	**32**

24 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2017/18 £000	2016/17 £000
Interest received	(176)	(203)
Interest paid	3,683	3,672

25 Cash Flow Statement - Investing Activities

	2017/18 £000	2016/17 £000
Purchase of property, plant and equipment, investment property and intangible assets	15,158	12,365
Purchase of short term and long term investments	101,545	55,018
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,352)	(2,049)
Proceeds from short term and long term investments	(112,500)	(49,000)
Other receipts from investing activities	(1,586)	(1,762)
Net cash flows from investing activities	**265**	**14,572**

26 Cash Flow Statement - Financing Activities

	2017/18 £000	2016/17 £000
Cash receipts of short term and long term borrowings	(489)	(440)
Council Tax and NNDR adjustments	3,252	(4,036)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	21	19
Repayments of short term and long term borrowing	1,338	1,556
Net cash flows from financing activities	**4,122**	**(2,901)**

27 Trading Operations

The Council has established the following trading services, whose financial results for 2017/18 were:-

	Turnover £'000	Expend. £'000	Deficit/ (Surplus) £'000
Industrial sites/commercial properties	(219)	133	(86)
	(219)	**133**	**(86)**

2016/17 Comparatives:

	Turnover £'000	Expend. £'000	Deficit/ (Surplus) £'000
Industrial sites/commercial properties	(179)	115	(64)
	(179)	**115**	**(64)**

28 Agency Services

The Council undertakes agency work for Derbyshire County Council in carrying out the duties of roadside verge grass cutting, weed control and tree maintenance. The annual expenditure on the service was £177,579 with an income of £65,697 for 2017/18, (£169,719 and £68,345 in 2016/17).

29 Members Allowances

The Council paid the following amounts to elected members during the year. This expenditure is included within the Growth Directorate line of the Comprehensive Income and Expenditure Statement.

	2017/18 £000	2016/17 £000
Allowances	450	445
Expenses	12	11
Total	**462**	**456**

30 Officers' Remuneration

Council employees (excluding senior employees) receiving more than £50,000 remuneration (excluding pension contributions) were paid the following amounts:

Remuneration Band	Number of Employees 2017/18	Number of Employees 2016/17
£50,000 - £54,999	1	2
£55,000 - £59,999	1	1
£60,000 - £89,999	1	0
£90,000 - £94,999	0	1

The remuneration paid to the Council's senior employees (who report directly to the Chief Executive and earn £50,000 or more) is as follows:

Post Title		Salary (including fees + allowances) £	Expenses/ Allowances £	Benefits in Kind £	Compensation for loss of office * (see following page) £	Pension Contribution £	Total Remuneration (including pension contributions) £	Net Charge to NEDDC £	Net Charge to BDC £
Employed by Bolsover DC									
Joint Chief Executive	2016/17	110,771	0	0	0	14,202	124,973	62,487	62,486
	2017/18	114,972	0	0	0	15,881	130,853	65,427	65,426
Joint Strategic Director	2016/17	0	0	0	0	0	0	0	0
(Start date 1/9/17)	2017/18	41,663	0	0	0	5,791	47,454	23,727	23,727
Joint Head of Service - Corporate Governance (note 1)	2016/17	55,411	0	322	0	7,148	62,881	31,441	31,440
	2017/18	54,153	0	318	0	7,527	61,998	30,999	30,999
Joint Assistant Director - HR + Payroll (Leave date 30/9/17)	2016/17	52,406	0	0	0	6,894	59,300	29,650	29,650
	2017/18	27,339	0	0	0	3,890	31,229	15,615	15,614
Joint Head of Service - Planning (Leave date 31/12/17) (note 2)	2016/17	55,411	0	0	0	7,148	62,559	31,280	31,279
	2017/18	41,974	0	290	0	5,834	48,098	23,904	24,194

Post Title		Salary (including fees + allowances) £	Expenses/ Allowances £	Benefits in Kind £	Compensation for loss of office * (see following page) £	Pension Contribution £	Total Remuneration (including pension contributions) £	Net Charge to NEDDC £	Net Charge to BDC £
Employed by North East Derbyshire DC									
Joint Executive Director of Operations (Leave date 30/6/17)	2016/17	80,004	0	310	0	10,053	90,367	45,184	45,183
	2017/18	42,324	0	0	68,604	2,738	113,666	56,833	56,833
Joint Executive Director of Transformation (Leave date 30/6/17)	2016/17	80,610	0	0	0	10,053	90,663	45,332	45,331
	2017/18	42,490	0	0	40,413	2,738	85,641	42,820	42,821
Joint Strategic Director	2016/17	0	0	0	0	0	0	0	0
(Start date 6/11/17)	2017/18	32,719	0	0	0	4,412	37,131	18,565	18,566
Joint Head of Service - Economic Development (note 3)	2016/17	56,686	0	470	0	7,037	64,193	32,097	32,096
	2017/18	58,380	0	480	0	7,667	66,527	33,263	33,264
Joint Head of Service - Finance and Resources (note 4)	2016/17	53,302	0	0	0	6,662	59,964	29,982	29,982
	2017/18	56,481	0	0	0	7,463	63,944	31,972	31,972

The number of exit packages with the total cost per band and total cost of the 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	1	1	2	3	3	4	10,767	32,739
£20,001 - £40,000	1	0	2	1	3	1	90,074	35,678
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Termination Benefit Cost	**2**	**1**	**4**	**4**	**6**	**5**	**100,841**	**68,417**

The total cost of £100,841 (£68,417 16/17) in the table above is for exit packages that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

As part of the Strategic Alliance there were no exit packages paid to BDC employees in 17/18 which NEDDC was required to contribute towards, (£17,839 was paid to BDC employees in 16/17). BDC contributed £72,904 towards exit packages paid to NEDDC employees in 17/18 (£4,518 in 16/17). These contributions are not included in the table above.

* As the employees included in the table of senior employees are joint officers, any compensation for loss of office payments are split between BDC and NEDDC. Therefore only the amount paid by BDC is included in the exit package table above.

note 1 from 1/4/17 - 5/3/18 this post was Joint Assistant Director - Governance/Monitoring Officer.

note 2 from 1/4/17 - 5/3/18 this post was Joint Assistant Director - Planning + Environmental Health. This post is not currently filled.

note 3 from 1/4/17 - 5/3/18 this post was Joint Assistant Director - Economic Growth.

note 4 from 1/4/17 - 5/3/18 this post was Joint Assistant Director - Finance, Revenues and Benefits.

31 External Audit Costs

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

	2017/18 £000	2016/17 £000
Fees payable to the Auditor with regard to external audit services carried out by the appointed auditor for the year	49	49
Fees payable to the Auditor for the certification of grant claims and returns for the year	6	6
Fees payable to the Auditor in respect of other services	3	3
Total	**58**	**58**

The External Auditor of the Council has been KPMG LLP since 1/4/12.

32 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18:

	2017/18 £000	2016/17 £000
Credited to Taxation and Non Specific Grant Income		
New Burdens Grants	(8)	(8)
New Homes Bonus	(1,207)	(1,322)
Small Business Rate Relief Grant	(643)	(379)
Revenue Support Grant	(1,906)	(2,457)
Capital Grants and Contributions	(686)	(1,308)
Total	**(4,450)**	**(5,474)**
Credited to Services		
Disabled Facilities Grants	(477)	(446)
Miscellaneous Capital Grants for Reffcus	(44)	(137)
Heritage Lottery Funding for Reffcus	(848)	0
Miscellaneous Contributions to Holding Accounts	(976)	(421)
Housing Benefit Admin Grant	(384)	(414)
Rent Allowances Grant	(10,062)	(10,586)
Rent Rebates Grant	(9,995)	(10,442)
Total	**(22,786)**	**(22,446)**

The Council has received a number of grants, contributions and donations 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
Revenue grant receipts in advance		
Other Contributions	(1,143)	(2,064)
Total	**(1,143)**	**(2,064)**

33 Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence 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, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from government departments are set out in the subjective analysis in the note on Reporting for Resources Allocation Decisions.

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 a previous note. During 2017/18 payments for works and services to the value of £251,654 were made to organisations such as Parish Councils in which members had an interest. Amounts for works and services to the value of £178,582 were received from organisations in which members had an interest. Council Members make disclosures of relevant interests to the Council's Head of Service - Corporate Governance, which are formally recorded on a publicly available Register of Interests and also make declarations on individual committee decisions. The Council also nominates Members to sit on outside bodies. A number of Council Members are also Members of local parish councils, or various local voluntary organisations, which the Council supports financially. Where necessary, Members declared such interests when relevant to their duties and thus no further disclosure is considered necessary.

Officers

In addition to the Register of Interest, Senior Officers were required to complete a Declaration of Related Party Transactions Pro-forma for the year 2017/18. During 2017/18 payments for works and services to the value of £5,306 were received from organisations in which senior officers had an interest.

Other significant transactions with related parties are as follows:-

	Receipts £000	Payments £000
Chesterfield Royal Hospital	0	41
Community Safety Partnership	(14)	0
Derbyshire Unemployed Workers Centre	0	20
Derbyshire County Council	(948)	1196
Dragonfly Deveiopment Limited	(5)	0
Freedom Project	0	10
Groundwork Creswell	(18)	27
Junction Arts	0	22
Shirebrook Academy	(9)	18
Police and Crime Commissioner	(21)	0
Total	**(1,015)**	**1,334**

34 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 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 second part of this note.

	2017/18 £000	2016/17 £000
Opening Capital Financing Requirement	98,882	95,824
Capital Investment:		
Property, Plant and Equipment	14,901	12,198
Investment Properties	507	223
Intangible Assets	67	105
Revenue Expenditure Financed from Capital Under Statute	1,495	712
Purchase of Share Capital	45	50
Sources of Finance:		
Capital Receipts	(716)	(994)
Government Grants and Other Contributions	(1,682)	(1,029)
Major Repairs Allowance	(6,626)	(4,102)
Sums Set Aside from Revenue:		
- Direct Revenue Contributions	(13)	0
- Reserve Contributions	(2,484)	(1,675)
- Minimum Revenue Provision	(715)	(278)
- Other Revenue Provision	(2,128)	(2,152)
Movement of provision for debt repayment to create a reserve	11,015	0
Closing Capital Financing Requirement	**112,548**	**98,882**
Explanation of Movements in Year		
Increase in Underlying Need to Borrow	(3,366)	(3,336)
Increase in Underlying Need to Borrow	(11,015)	0
Minimum Revenue Provision	715	278
(Increase)/Decrease in Capital Financing Requirement	**(13,666)**	**(3,058)**

35 Leases

Authority as Lessee

Finance Leases

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

	31 March 2018 £000	31 March 2017 £000
Vehicles, plant, furniture and equipment	21	0
Total	**21**	**0**

The rentals payable under these arrangements in 2017/18 were £20,860 (£19,486 in 2016/17), charged to the Comprehensive Income and Expenditure Statement as £20,860 (£345 16/17) finance costs and zero relating to the write down of obligations to the lessor (£19,141 16/17).

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:

	31 March 2018 £000	31 March 2017 £000
Finance lease liabilities (npv of minimum lease payments):		
- Current	21	0
- Non current	0	0
Finance costs payable in future years	0	0
Minimum lease payments	**21**	**0**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2018 £000	31 March 2017 £000	31 March 2018 £000	31 March 2017 £000
Not later than one year	21	0	0	0
Later than five years	0	0	0	0
Total	**21**	**0**	**0**	**0**

Operating Leases

The Council used general fleet vehicles financed under the terms of operating leases. The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was £24,565 (£164,120 in 2016/17).

The minimum lease payments due under non cancellable leases in future years are zero as the Council has made a policy decision to purchase outright all future fleet vehicles.

Authority as Lessor

Operating Leases

With regard to the Council's activity as a lessor, the rental income from leases relating to retail, commercial and industrial units amounted to £815,015 in 2017/18 (£781,299 in 2016/17).

The Council leases out a number of properties for commercial purposes. The minimum lease payments receivable under non cancellable leases in future years are:

	31 March 2018 £000	31 March 2017 £000
Not later than one year	(145)	(136)
Later than one year and not later than five years	(584)	(614)
Later than five years	(88)	(88)
Total	**(817)**	**(838)**

36 Impairment Losses

Impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure are included in the Property, Plant and Equipment Note 11.

Details of impairment charged to the HRA for 2017/18 are in note 46 .

37 Termination Benefits

The Council terminated the contracts of a number of employees in 2017/18, incurring liabilities of £100,841 (£68,417 in 2016/17) - see note 30 for the number of exit packages and total cost per band.

38 Post-Employment Benefits

Participation in pension scheme

As part of the terms and conditions of employment of its officers and other employees, 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 (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS), administered by Derbyshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension’s liabilities with investment assets.

The principal risks to the Council of the 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 the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions relating to post-employment benefits

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

Local Government Pension Scheme	**2017/18 £000**	**2016/17 £000**
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising:		
- Current service cost	3,891	2,596
- (Gain)/loss from Settlements	97	46
- Administration cost	29	18
Financing and Investment Income and Expenditure:		
Net interest expense	1,074	1,237
Total Post-employment benefit charged to the surplus or deficit on the provision of services	5,091	3,897
Other Post-employment benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
- Return on plan assets (excluding the amount included in the net interest expense)	(745)	(12,507)
- Actuarial gains and losses arising on changes in demographic assumptions	0	(1,365)
- Actuarial gains and losses arising on changes in financial assumptions	(2,504)	21,401
- Actuarial gains and losses arising on changes in other experience	(14)	(3,671)
Total remeasurements recognised in other comprehensive income and expenditure	(3,263)	3,858
Total Post-employment benefits charged to the Comprehensive Income and Expenditure Statement	1,828	7,755
Movement in Reserves Statement		
- Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	2,514	1,529
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to scheme	2,577	2,368

Pensions 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:

Local Government Pension Scheme	2017/18 £'000	2016/17 £'000
Present value of the defined benefit obligation	(129,343)	(127,147)
Fair value of plan assets	89,490	86,545
Sub-total	(39,853)	(40,602)
Other movements in the liability	0	0
Net liability arising from defined benefit obligation	**(39,853)**	**(40,602)**

Reconciliation of the Movements in the Fair Value of the Scheme Assets:

Local Government Pension Scheme	2017/18 £'000	2016/17 £'000
Opening fair value of scheme assets	86,545	71,773
Interest income	2,248	2,506
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	745	12,507
Contributions from employer	2,577	2,368
Contributions from employees into the scheme	612	585
Benefits paid	(3,237)	(3,194)
Closing fair value of scheme assets	**89,490**	**86,545**

Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation):

Local Government Pension Scheme - Funded Liabilities	**2017/18 £'000**	**2016/17 £'000**
Opening balance at 1 April	(127,147)	(106,988)
Current service cost	(3,920)	(2,614)
Interest cost	(3,322)	(3,743)
Contributions from scheme participants	(612)	(585)
Remeasurement (gains) and losses:		
- Actuarial gains and losses arising on changes in demographic assumptions	0	1,365
- Actuarial gains and losses arising on changes in financial assumptions	2,504	(21,401)
- Actuarial gains and losses arising on changes in other experience	14	3,671
Losses/(gains) on curtailment	(97)	(46)
Benefits paid	3,237	3,194
Closing balance at 31 March	**(129,343)**	**(127,147)**

Local Government Pension Scheme assets comprised:	**Fair value of scheme assets**	
	2017/18 £'000	**2016/17 £'000**
Cash and cash equivalents	4,300	3,989
Equity instruments:		
- Consumer	5,753	6,598
- Manufacturing	7,859	7,750
- Energy and utilities	4,897	5,226
- Financial institutions	6,195	6,202
- Health and care	3,087	3,442
- Information technology	2,660	2,201
- Other	10,197	9,523
Sub-total equity	40,648	40,942
Bonds:		
- Corporate (Investment)	7,050	5,242
- UK Government	8,460	9,100
- Other	1,394	1,585
Sub-total bonds	16,904	15,927

Local Government Pension Scheme assets comprised continued:	**Fair value of scheme assets**

	2017/18 £'000	2016/17 £'000
Property:		
- UK	5,887	5,539
Private equity:		
- All	1,809	1,478
Investment funds:		
- Equities	17,031	17,148
- Infrastructure	2,911	1,522
Sub-total other investment funds	19,942	18,670
Total assets	89,490	86,545

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 on assumptions about mortality rates, salary level etc. The County Council Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

Local Government Pension Scheme	**2017/18**	**2016/17**
Mortality assumptions:		
Longevity at 65 for current pensioners:		
- Men	21.9 years	21.9 years
- Women	24.4 years	24.4 years
Longevity at 65 for future pensioners:		
- Men	23.9 years	23.9 years
- Women	26.5 years	26.5 years
Rate of inflation (CPI)	2.40%	2.40%
Rate of increase in salaries	2.90%	2.90%
Rate of increase in pensions	2.40%	2.40%
Rate for discounting scheme liabilities	2.70%	2.60%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the previous table. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	**Approximate increase to Employer Liability** **%**	**Approximate monetary amount** **£'000**
0.5% decrease in Real Discount Rate	10	13,060
1 year increase in member life expectancy	3 - 5	3,880 - 6,467
0.5% increase in the Salary Increase Rate	2	2,143
0.5% increase in the Pension Increase Rate	8	10,719

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 15 years. Funding levels are monitored on an annual basis. The triennial valuation was completed on 31 March 2016.

The scheme has been required to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates to pay £2,285,000 in expected contributions to the scheme in 2018/19.

The weighted average duration of the defined benefit obligation for scheme members is 17.9 years, 2017/18 (17.9 years 2016/17).

39 Contingent Liabilities/Assets

There are no contingent liabilities or assets.

40 Interests in Other Entities

During 2016/17 the Council entered into a joint venture with Woodhead Regeneration Ltd. Both parties purchased 50% of the shares in Dragonfly Development Limited for £50,000. Parties have equal controlling interests with two Directors on the Board. Both parties are committed to remain in the joint venture for a minimum of 5 years and thereafter either party can, if they choose, seek to exit the joint venture serving 12 months notice.

Dragonfly Development Limited has been created to deliver residential and commercial developments on Council and privately owned land. The driver for creating the company is to stimulate economic growth by delivering housing and commercial developments whilst generating income for the Council.

During 2017/18 Dragonfly Development Limited agreed to the development of 3 residential sites in the area covered by Bolsover District Council. This is to be funded by a commercial loan of up to £3.2m, as well as a further share purchase of up to £0.500m. Woodhead Regeneration Ltd will match any share purchase made by the Council to maintain the equal controlling interest.

The value of the Council's interest in Dragonfly Development Limited at 31 March 2018 is £23,258 (2016/17 £18,250).

The amount of loan drawn down at 31 March 2018 is £40,071.

Further disclosure can be found within the financial instruments notes, which are note 14 .

41 Shared Services/Joint Operations

During 2017/18 the Council had partnership agreements with North East Derbyshire District Council (NEDDC), Chesterfield Borough Council (CBC), Derbyshire Dales District Council (DDDC) and Chesterfield Royal Hospital in the following areas:

- Internal Audit
- Building Control
- Procurement
- ICT Service
- Environmental Health Service
- Chesterfield and District Joint Crematorium

The Internal Audit Consortium is hosted by CBC and also includes BDC and NEDDC . The accounts reflect the payments made to CBC towards the costs of operation.

The Building Control Consortium was hosted by CBC until 31 May 2017. This also included BDC and NEDDC . The accounts reflect the payments made to CBC towards the costs of operation together with our share of the income received from the Building Control Consortium. Building control is now run by the Derbyshire Building Control Partnership.

The Shared Procurement Service is hosted by Chesterfield Royal Hospital and includes BDC, CBC, NEDDC and DDDC. The accounts reflect payments to Chesterfield Royal Hospital for the Council's costs of the service provided.

NEDDC hosts the joint ICT service which covers BDC and DDDC for the provision of the Council’s IT. The accounts reflect payments to NEDDC for the Council’s costs of the service provided.

NEDDC also hosts the joint Environmental Health Service. The accounts reflect payments to NEDDC for the Council’s costs of the service provided. This initiative has been pursued as part of the wider Strategic Alliance between Bolsover and NEDDC.

There are no assets or liabilities for the above joint operations to be included in the accounts.

The Chesterfield and District Joint Crematorium Committee is a Jointly Controlled Operation between the Council, NEDDC and CBC. The function of the Chesterfield and District Joint Crematorium Committee is to discharge the crematorium functions of each of the constituent Councils. Each Council’s share of member representation, financial surplus and deficit is based on the number of cremations of deceased inhabitants of each constituent Council’s area. The accounts reflect payments from CBC for the Council's share of the financial surplus.

There are no assets or liabilities for the Chesterfield and District Joint Crematorium Committee included in the accounts on the grounds of materiality.

HRA INCOME AND EXPENDITURE STATEMENT

2016/17 £000		NOTE	2017/18 £000	2017/18 £000
	Expenditure			
4,770	Repairs and maintenance		5,688	
4,914	Supervision and management		5,547	
4,760	Depreciation, impairment and revaluation losses of non-current assets		10,781	
9	Debt management costs		8	
134	Movement in the impairment allowance for bad debts		153	
1,331	Special Services		1,433	
(11,976)	Exceptional Item - Revaluation		0	
3,942	**Total Expenditure**			**23,610**
	Income			
(20,561)	Dwelling rents		(20,286)	
(144)	Non-dwelling rents		(137)	
(686)	Charges for services and facilities		(600)	
(510)	Contributions towards expenditure		(1,322)	
(21,901)	**Total Income**			**(22,345)**
(17,959)	**Net Expenditure or Income of HRA Services as included in the Comprehensive Income and Expenditure Statement**			1,265
540	HRA share of Corporate and Democratic Core			743
(17,419)	**Net Expenditure or (Income) for HRA Services**			**2,008**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
688	(Gain) or loss on sale of HRA non-current assets			659
3,223	Interest payable and similar charges			3,449
(21)	Interest and investment income			(31)
531	Net interest on the net defined benefit liability (asset)	50		454
(12,998)	**(Surplus) or deficit for the year on HRA Services**			**6,539**

Movement on the HRA Statement

	2017/18 £000	2016/17 £000
HRA Balance at the end of the previous year	**(1,905)**	**(1,891)**
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	6,539	(12,998)
Adjustments between accounting basis and funding basis under statute (including reserve movement)	(17,925)	12,971
Net (increase) or decrease in year on the HRA and HRA reserves	(11,386)	(27)
Exclude HRA reserve movement in year	11,362	13
(Increase) or decrease in year on the HRA balance	(24)	(14)
HRA Balance at the end of the current year	**(1,929)**	**(1,905)**

Notes to the Housing Revenue Account

42 Housing Stock

The number and types of dwelling in the Council's housing stock are as follows:

	31 March 2018	31 March 2017
Houses	2,253	2,275
Bungalows	1,933	1,932
Flats	693	693
Sheltered	209	209
Total	**5,088**	**5,109**

In 2017/18, 47 properties were sold under the 'Right to Buy' provisions (47 in 2016/17). In 2017/18, 1 bungalow, 2 flats and 23 houses were completed (7 houses in 16/17) zero houses were purchased under buy-back (1 in 16/17).

43 Valuation of Assets

The total balance sheet valuations of land, houses and other property within the HRA are as follows:

	31 March 2018 £'000	31 March 2017 £'000
Council Dwellings	172,901	169,207
Council Dwellings (Garages)	3,254	3,156
Other Property	163	283
Other Equipment	59	145
Other Vehicles	653	684
Non Operational Land (Surplus Assets Not Held for Sale)	1,041	3,430
Total	**178,071**	**176,905**

The vacant possession value of the dwellings within the HRA (valued in accordance with Guidance) as at 31 March 2018 was £419,416,204 (£410,387,304 in 2016/17). The difference between the vacant possession value and the balance sheet value of dwellings within the HRA show the economic cost of providing council housing at less than market rents. The social housing regional adjustment factor for East Midlands is 42% which takes into account the reduction in value arising from sitting tenants rights.

44 Depreciation

Council Houses have been depreciated on a straight line method (excluding the land value of the property). Other housing property has been depreciated using the straight line method based upon the independent valuation of the asset and the finite useful life. The total charges within the HRA are as follows:

Operational Assets	2017/18 £'000	2016/17 £'000
Houses	3,120	2,967
Other Property (Garages)	61	61
Other Equipment	244	161
Total	**3,425**	**3,189**

45 Major Repairs Reserve

This reserve is credited with the depreciation charged to the Housing Revenue Account as well as additional voluntary contributions from the Housing Revenue Account.

The reserve is only available for funding major repairs to the housing stock or the repayment of Housing Revenue Account debt. Any unspent sums are carried forward for use in future years.

	2017/18 £'000	2016/17 £'000
Balance brought forward 1 April	(8,787)	(6,423)
Transferred to Reserve in year	(5,376)	(7,481)
Transferred to Reserve in year from Capital Adjustment Account	(11,015)	0
Amounts used to finance Capital Expenditure on land, houses and other HRA property	6,626	4,102
Repayment of debt from the reserve in year	0	1,015
Transfer to the HRA Debt Repayment reserve in year	11,015	0
Balance as at 31 March	**(7,537)**	**(8,787)**

46 Impairment (Including the reversal of previous years' revaluation decreases)

The position of the HRA properties reviewed for impairment at 31/3/18 is:

	2017/18 £'000	2016/17 £'000
Dwellings (including land)	1,388	(37,829)
Other land and buildings	1,147	(112)
Revaluation (Increase) / Decrease	**2,535**	**(37,941)**

47 Capital Expenditure and Financing

	2017/18 £'000	2016/17 £'000
Expenditure on HRA land, houses and other property	**14,157**	**6,267**
Financed by:		
Major Repairs Reserve	6,626	4,102
Borrowing	5,174	1,291
Grants and Contributions	1,117	874
Usable Capital Receipts	223	0
Revenue Contribution	1,017	0
Total	**14,157**	**6,267**

48 Capital Receipts

	2017/18 £'000	2016/17 £'000
Council House Sales	2,116	2,049
Land Sales	236	0
Total	**2,352**	**2,049**

49 Rent Income

At 31 March 2018 approximately 4.46% of lettable properties were empty (31 March 2017, 3.45%).

The rent arrears as a proportion of gross rent income and excluding refunds are £1,272,394 (6.04%) compared with £1,294,894 (6.10%) in 2016/17.

An allowance for impairment of £751,858 has been made in the accounts for potentially uncollectable rent arrears (2016/17 £782,131).

50 Pension Reserve

The amount charged to the HRA for providing pensions is the amount payable for the year in line with statutory requirement governing the pension scheme of £453,650. This is the difference between the interest income on plan assets £949,539 credit (£1,074,924 credit 16/17) and the interest cost on defined obligations £1,403,189 debit (£1,605,524 debit 16/17) apportioned by the HRA share of total basic salaries.

51 Revenue Expenditure Funded from Capital Under Statute

The Council's Net Cost of Service on the Housing Revenue Account includes expenditure of £0.926m (£0.134m 16/17). This payment did not result in the development of an asset owned by the Council.

52 HRA Debt Repayment Reserve

The introduction of self-financing to the Housing Revenue Account in 2012 meant the Council had to borrow £88m from the Public Works Loan Board to cover the balance of the settlement payment after using reserves and balances, which was made to Communities and Local Government to buy out of the subsidy system.

The loans of £88m were taken out with varying maturity dates ranging from 6 months to 30 years. The final repayment date being 28/3/42.

This reserve has been created to build up funds to meet the repayments of the loans as they become due and is included in the balance sheet within earmarked reserves.

	2017/18 £'000	2016/17 £'000
Balance brought forward 1 April	0	0
Transferred to Reserve in year	(1,067)	0
Transferred to Reserve in year from Capital Adjustment Account	(11,015)	0
Repayment of debt from the reserve in year	0	0
Balance as at 31 March	**(12,082)**	**0**

THE COLLECTION FUND ACCOUNTING STATEMENT

2016/17 NNDR £000	2016/17 Council Tax £000		2017/18 NNDR £000	2017/18 Council Tax £000	2017/18 Total £000	Note
		INCOME				
	(35,235)	Council Tax Payers		(37,137)	(37,137)	54
(26,927)		Income from Business Ratepayers	(25,390)		(25,390)	53
0		Transitional Protection Payment Receivable			0	
		Contribution towards previous year's Collection Fund Deficit:				
(811)		Central Government			0	
(649)		Bolsover District Council			0	
(146)		Derbyshire County Council			0	
(16)		Derbyshire Fire Authority			0	
(28,549)	**(35,235)**		**(25,390)**	**(37,137)**	**(62,527)**	
		EXPENDITURE				
		Apportionment of Previous Year's Collection Fund Surplus:				
		Central Government	1,443		1,443	
	91	Bolsover District Council	1,154	33	1,187	
	377	Derbyshire County Council	260	138	398	
	24	Derbyshire Fire Authority	29	8	37	
	58	Derbyshire Police Authority		21	21	
		Precepts:				
	5,711	Bolsover District Council		6,092	6,092	
	24,023	Derbyshire County Council		25,494	25,494	
	1,468	Derbyshire Fire Authority		1,527	1,527	
	3,651	Derbyshire Police Authority		3,800	3,800	
		Business Rates:				
11,813		Central Government	12,382		12,382	
9,451		Bolsover District Council	9,906		9,906	
2,126		Derbyshire County Council	2,229		2,229	
236		Derbyshire Fire Authority	247		247	
96		Cost of Collection	97		97	
		Charges to the Collection Fund:				
56	153	Write-offs of uncollectable amounts	53	80	133	
(170)	92	Impairment of Debts	80	74	154	
0		Impairment of Appeals	3,471		3,471	
34		Reconciliation Adjustments for disregarded amounts	68		68	
519		Transitional Protection Payments	35		35	
24,161	**35,648**		**31,454**	**37,267**	**68,721**	
(4,388)	413	**(Surplus) / Deficit for the year**	6,064	130	6,194	
		COLLECTION FUND BALANCE				55
1,618	(583)	Balance brought forward at 1 April	(2,770)	(170)	(2,940)	
(4,388)	413	(Surplus)/ Deficit arising during the year	6,064	130	6,194	
(2,770)	(170)	(Surplus)/ Deficit c/fwd 31st March	3,294	(40)	3,254	

53 Income from Business Ratepayers

The Council collects business rates for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

In 2013/14, the administration of business rates changed following the introduction of the business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and collection rates. Instead of paying business rates to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Bolsover the local share is 40%. The remainder is distributed to preceptors, Central Government (50%), Derbyshire County Council (9%) and Derbyshire Fire Authority (1%).

The business rates shares payable for 2017/18 were estimated before the start of the financial year as £12.382m to Central Government, £2.229m to Derbyshire County Council, £0.247m to Derbyshire Fire Authority and £9.906m to Bolsover District Council. These sums have been paid in 2017/18 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. Bolsover paid a tariff from the General Fund in 2017/18 to the value of £5.318m (this was the adjusted figure notified by Central Government in 2017/18, due to the 2017 revaluation).

The total income collected from business rate payers in 2017/18 was £25.4m (£26.9m in 2016/17).

The total non-domestic rateable value at 31st March 2018 was £62,415,557 (£58,349,581 for 2016/17). The general national non-domestic multiplier for the year was 47.9p (49.7p in 2016/17). The small business non-domestic multiplier for the year was 46.6p (48.4p in 2016/17).

During 2017/18 Bolsover was a member of the Derbyshire Business Rates pool. This consists of 8 Derbyshire district or borough Councils; Derbyshire County; Derby City and Derbyshire Fire Authority. Instead of each district or borough Council paying a proportion of their growth above the baseline over to Government, it is kept within the pool and distributed amongst all the members on an agreed basis. The overall benefit retained by the pool in 2017/18 was £4.952m (£4.149m in 2016/17), of which Bolsover District Council's share was £0.583m (£0.593m 2016/17).

54 Council Tax

Council Tax derives from charges raised according to the value of residential properties which have been classified into 9 valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The increase in the tax base between financial years is as a result of a combination of new builds and a reduction in the level of Council Tax discounts and exemptions. The tax base for 2017/18 is follows:

Band	Estimated No. of Taxable Properties after effects of Discounts Exemptions + Other Adjustments	Ratio	2017/18 Band D Equivalent Dwellings	2016/17 Band D Equivalent Dwellings
-A	25.63	5 / 9	14.24	14.56
A	15,016.33	6 / 9	10,010.89	9,881.16
B	4,814.93	7 / 9	3,744.95	3,663.62
C	3,638.86	8 / 9	3,234.54	3,160.87
D	2,208.11	9 / 9	2,208.11	2,112.46
E	992.51	11 / 9	1,213.06	1,179.65
F	292.69	13 / 9	422.77	414.00
G	108.08	15 / 9	180.13	183.41
H	5.89	18 / 9	11.78	7.86
	Council Taxbase prior to adjustment for Collection Rate		**21,040.47**	**20,617.59**

55 Allocation of Collection Fund Surpluses and Deficits

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies based on precept amounts, in the subsequent financial year. Deficits are proportionately charged to the relevant precepting bodies in the following year. For Bolsover, the Council Tax precepting bodies are Derbyshire County Council, Derbyshire Police Authority and the Derbyshire Fire Authority.

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions, as detailed in note 53. Deficits are proportionately charged to the relevant precepting bodies in the following year.

2016/17 NNDR £000	2016/17 Council Tax £000		2017/18 NNDR £000	2017/18 Council Tax £000	2017/18 Total £000
(1,108)	(28)	Bolsover District Council	1,318	(6)	1,312
(249)	(117)	Derbyshire County Council	296	(28)	268
0	(18)	Derbyshire Police Authority	0	(4)	(4)
(28)	(7)	Derbyshire Fire Authority	33	(2)	31
(1,385)	0	Central Government	1,647	0	1,647
(2,770)	(170)	(Surplus)/Deficit	3,294	(40)	3,254

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

There have been no prior period adjustments made to the Council's 2016/17 published financial statements during 2017/18.

Data entered below will be used throughout the workbook:

Authority name:	Bolsover District Council
This year	2017/18
Last year	2016/17
This year ended	31 March 2018
Last year ended	31 March 2017
This year commencing:	1 April 2017

Agenda Item No 7(B)

Bolsover District Council

Audit Committee

25th July 2018

Audit Committee Work Programme 2018/19

Report of the Head of Finance & Resources

This report is public

Purpose of the Report

- To enable the Committee to consider an appropriate Work Programme for the municipal year 2018/19.

1 Report Details

1.1 The Audit Committee considers a range of financial and governance issues on a regular basis. Given the requirement to operate an effective Audit Committee it is crucial that there is an appropriate plan in place to ensure that the Committee systematically addresses those issues for which it has responsibility. Accordingly, it is appropriate that an Annual Work Programme continues to be in place.

1.2 The proposed Work Programme is set out in the attached **Appendix 1**. It should be recognised that the work plan for the remainder of the year is at this stage an indicative one to which matters may be added or removed as appropriate.

1.3 The draft work programme enables Members to give structured consideration as to whether the proposed agenda items are appropriate and serve to meet the objectives of the Committee. That question needs to be considered in the light of the Council's Constitution, Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on the role of an Audit Committee and established good practice. Attached as **Appendix 2** for Members information is a copy of the Committees delegations, taken from the Council's Constitution.

2 Conclusions and Reasons for Recommendation

2.1 To enable the Committee to consider its Work Programme for 2018/19.

3 Consultation and Equality Impact

3.1 There are no consultation and equality impact matters arising directly from the content of this report.

4 Alternative Options and Reasons for Rejection

4.1 The option of not having a work programme is not considered as being appropriate, as the absence of a clear programme of work wuld undermine the effectiveness of the Committee.

5 Implications

5.1 Finance and Risk Implications

The development of a Work Programme for the Audit Committee will provide an appropriate structure to assist and support the Committee's work. This will help to ensure that the Committee continues to operate effectively and that the Council's governance/scrutiny and accountability arrangements remain robust. The Programme is designed to allow the Audit Committee to continue its flexible approach to its work and consider the range of matters which are within its remit.

There are no financial issues arising from the report.

5.2 Legal Implications including Data Protection

There are no legal issues or Data Protection matters arising directly from this report.

5.3 Human Resources Implications

There are no Human Resource issues arising from the report.

6 Recommendations

6.1 That the Committee notes and endorses the Audit Committee Work Programme 2018/19 as set out in the attached **Appendix 1**.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	N/A
Is the decision subject to Call-In?(Only Key Decisions are subject to Call-In)	N/A
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	None directly

Links to Corporate Plan priorities or Policy Framework	Transforming Our Organisation – Demonstrating Good Governance.

8 Document Information

Appendix No	**Title**
1 2	Audit Committee Work Programme 2018/19 Audit Committee – Remit as set out in the Constitution.
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	

Report Author	**Contact Number**
Dawn Clarke – Head of Finance & Resources	(01246) 217658

Appendix 1

AUDIT COMMITTEE; PROPOSED WORK PROGRAMME 2018/19

DATE OF MEETING	ITEM
25th July 2018	• Report of Those Charged with Governance ISA 260 (KPMG) • Report of Internal Audit – Summary of Progress on the Internal Audit Plan • Report of Internal Audit – Internal Audit Charter • BDC Statement of Accounts 2017/18 • Audit Committee – Proposed Workplan 2018/19
25th September 2018	• Report of External Auditor (KPMG) Annual Audit Letter 2017/18 • Strategic Risk Register and Partnership Arrangements • Fighting Fraud and Corruption Locally • Audit Committee – Self Assessment
20th November 2018	• Report of Internal Audit – Summary of Progress on the Internal Audit Plan • Strategic Risk Register and Partnership arrangements • Evaluate the Effectiveness of the Audit Committee
29th January 2019	• Report of Internal Audit – Summary of Progress on the Internal Audit Plan • Strategic Risk Register and Partnership Arrangements • Annual Review of Effectiveness of Internal Audit
16th April 2019	• Report of the External Auditor: External Audit Plan 2019/20 • Report of the External Auditor: Progress Report and Technical Update • Internal Audit Plan 2019/20 • Summary of Progress on the 2018/19 Internal Audit Plan • Accounting Policies 2018/19 • Annual Governance Statement and Local Code of Corporate Governance

Appendix 2

AUDIT COMMITTEE

(1) Statement of Purpose

The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment. The Audit Committee will also oversee the Authority's corporate governance arrangements.

(2) Reporting Framework

The Audit Committee will report directly to the Council and provide information to the Executive for action whilst maintaining its independence.

(3) Membership and Structure of Meetings

The Audit Committee will have a membership of six plus one co-opted Member and reflect the political composition of the Council. A quorum will constitute at least three Members of the Committee.

The Chair and Vice Chair of the Committee will be elected from its membership.

The Audit Committee will meet at least four times per year.

(4) Principal Responsibilities

(1) To ensure that the Council has a sound system of internal control which facilitates the effective exercise of the Council's functions to include the following:-

(i) Arrangements for the assessment and management of risk within the Authority and ensuring they are embedded within the organisation,

(ii) Approving and modifying the terms of reference and strategy for internal audit,

(iii) Receiving and approving the annual internal audit plan and reviewing the external audit plan,

(iv) Receiving quarterly reports on the progress against the annual audit plan,

(v) Reviewing and adopting the Annual Governance Statement.

(vi) Reviewing the Council's anti-fraud policy.

(2) To consider the Council's Code of Corporate Governance and approve the Annual Statement in that respect.

(3) To consider the External Auditors findings from their review of the Statement of Accounts.

(4) To consider and approve, after review by External Audit, the Statement of Accounts and report such to Council. The date by which this must be achieved is 30th September each year.

(5) To review and adopt the detailed and summary Annual Governance Statement in light of the Internal Audit Annual review, report on the effectiveness of Internal Audit, Governance letters and the financial details shown in the Statement of Accounts. In addition, when these items are scheduled for consideration, the Leader, Deputy Leader and the appropriate Cabinet Member, would be invited to attend the Audit Committee and participate in the debate and discussion but no voting rights would be associated with the invitation.

(6) To review the Council's internal audit function and monitor performance.

(7) To monitor and ensure implementation of internal and external audit recommendations.

(8) To be responsible for ensuring effective scrutiny of the treasury management strategy and policies.