

Finance and Audit Scrutiny Committee

Wednesday 30 August 2017

A meeting of the Finance and Audit Scrutiny Committee will be held at the Town Hall, Royal Leamington Spa on Wednesday 30 August 2017 at 6.00pm.

Membership:

	Councillor Barrott (Chair)
Councillor Cain	Councillor Illingworth
Councillor Davies	Councillor Margrave
Councillor Gallagher	Councillor Noone
Councillor Gifford	Councillor Quinney
Councillor Howe	Vacancy - Conservative

Emergency Procedure

At the commencement of the meeting, the Chairman will announce the emergency procedure for the Town Hall.

Agenda

Part A – General Items

1. Apologies and Substitutes

- (a) to receive apologies for absence from any Councillor who is unable to attend; and
- (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. Declarations of Interest

Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

Declarations should be entered on the form to be circulated with the attendance sheet and declared during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

Members are also reminded of the need to declare predetermination on any matter.

If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

To confirm the minutes of the meetings held on:

(A) 27 June 2017; and

(B) 25 July 2017

(Pages 1 to 6)

(Pages 1 to 6)

Part B Audit Items

4. **Statement of Accounts and Audit Findings Report 2016/17**

To receive a report from Finance

(Pages 1 to 144)

5. **Risk Management Annual Report 2016-17**

To consider a report from Finance

(Pages 1 to 24)

6. **Internal Audit Strategic Plan 2017-18 – 2019-20: ICT Update**

To consider a report from Finance

(Pages 1 to 13)

Part C – Scrutiny Items

7. **Comments from the Executive**

To consider a report from Democratic Services

(Pages 1 to 3)

8. **Review of the Work Programme and Forward Plan**

To consider a report from Democratic Services

(Pages 1 to 17)

9. **Executive Agenda (Non Confidential Items and Reports) – Thursday 31 August 2017**

To consider the non-confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

You are requested to bring your copy of that agenda to this meeting.

(Circulated separately)

10. **Public and Press**

To consider resolving that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within the paragraphs of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

11. **Executive Agenda (Confidential Items and Reports) – Thursday 31 August 2017**

To consider the confidential items on the Executive agenda which fall within the remit of this Committee. The only items to be considered are those which Committee Services have received notice of by 9.00am on the day of the meeting.

You are requested to bring your copy of that agenda to this meeting.
(Circulated separately)

12. **Electrical Contract – Follow Up Discussion**

To discuss the paperwork previously circulated

(Not for Publication)

13. **Confidential Minutes**

To confirm the minutes of the meetings held on

- (A) 31 May 2017;
- (B) 27 June 2017; and
- (C) 25 July 2017.

(Pages 1 to 2)
(To follow)
(To follow)

(Not for Publication)

Agenda published Monday 21 August 2017

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For enquiries about specific reports, please contact the officers named in the reports

You can e-mail the members of the Committee at f&a@warwickdc.gov.uk

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

Please note that the majority of the meetings are held on the first floor at the Town Hall. If you feel that this may restrict you attending this meeting, please call (01926) 456114 prior to this meeting, so that we can assist you and make any necessary arrangements to help you attend the meeting.

The agenda is also available in large print, on request, prior to the meeting by calling 01926 456114.

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 27 June 2017 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair), Councillors; Cain, Davies, Gallagher, Gifford, Illingworth, Margrave, Stevens and Quinney.

Also present: Councillors Butler, Coker and Mrs Grainger.

17. **Apologies and Substitutes**

- (a) Apologies were received from Councillor Whiting
- (b) Councillor Mrs Stevens substituted for Councillor Noone

18. **Declarations of Interest**

Minute Number 25 – Executive Item 9 – Whitnash Community Hub

Councillor Margrave declared a pecuniary interest because he was a Whitnash Town Councillor and left the room whilst the item was discussed.

19. **Minutes**

The minutes of the meeting held on 31 May 2017 were not available and would be submitted to a future meeting.

20. **2016/17 Annual Treasury Management Report**

The Committee received a report from Finance which outlined the Council's Treasury Management Performance for the whole of 2016/17, which was attached as Appendix A to the report.

The Council was required to report upon its performance by 30 September 2017 and the report followed the format used in the Treasury Management Strategy Plan and, where appropriate, comment on the Council's actual performance against what was forecast in the Strategy Plan.

In addition, the Council was required to comment upon its performance against its Annual Investment Strategy for the year.

Treasury Management had a potentially significant impact on the Council's budgets through its ability to maximise its investment interest income and minimise borrowing interest payable. The Council was reliant upon interest received to help fund the services it provided. As detailed in paragraph 12.8 of the report, the gross interest to the Council was £510,000 against a Budget of £484,700, the net interest received by the General Fund for 2016/17 was £301,500 against a revised estimate of £297,400 and original of £342,000. The net interest received by the Housing Revenue Account (HRA) for 2016/17 was £208,400 against a revised estimate of £187,300 and original of £195,500.

The report outlined the risks associated with investing the Council's funds and explained how the Treasury Management function effectively managed this risk through the application of the SLY principle (Security(S) ranks uppermost followed by Liquidity (L) and finally Yield(Y)).

The Council invested in Corporate Bonds in 2016/17 which introduced Counterparty credit risk into the portfolio by virtue of the fact that it was possible that the institution invested in could have become bankrupt leading to the loss of all or part of the Council's investment. This was mitigated by only investing in Corporate Bonds with a strong Fitch credit rating, in this case A and A+ and issued as Senior Unsecured debt which ranked above all other debt in the case of a bankruptcy. No such capital loss was incurred in 2016/17.

The Council's Principal Accountant (Capital) addressed Members and advised that it had been a 'steady as we go year' with no surprises encountered either way. The Council had returned decent investment and had exceeded targets.

With regard to the Corporate Equity Funds, he advised that this had been the Finance Portfolio Holder's suggestion and allowed for wide spread types of investments. Although stocks and shares could be volatile, the Council had taken a five year view and were prepared to accept the ups and downs.

Having considered the report and presentation, the Committee therefore

Resolved that the Council's 2016/17 Treasury Management report be noted.

21. **Treasury Management Activity report for the period 1 October 2016 to 31 March 2017**

The Committee received a report from Finance which detailed the Council's Treasury Management performance for the period 1 October 2016 to 31 March 2017.

The Council's 2016/17 Treasury Management Strategy and Treasury Management Practices (TMP's) required the performance of the Treasury Management Function to be reported to Members on a half yearly basis.

Treasury Management had a potentially significant impact on the Council's budget through its ability to maximise its investment interest income and minimize borrowing interest payable, whilst ensuring the security of the capital. The Council was reliant upon interest received to help fund the services it provided. The actual investment interest earned in 2016/17 compared with the original and latest budgets were shown in paragraph 5.1 of the report.

There were a number of risks detailed at Section 6 of the report alongside the mitigation measures used to effectively manage the risks. These included having regard to any ratings watch notices, restricting the type of Bonds being invested in and ensuring the investments were available for the necessary length of time. Thus ensuring there was no negative impact on the capital value of the fund.

Section 9 of the report explained that one of the major influences on the Council's investments was the Bank Rate and a forecast from the Council's Treasury Management Advisors, Capita Asset Services, was detailed at paragraph 9.1 of the report.

To further assist, a detailed commentary by Capita Asset Services was supplied at Appendix C to the report.

The report was broken down into a number of sections, each providing a detailed update on the major influences on the Council's investments along with the variation of performance from the different types of investment. These included Money Market Investments, Money Market Funds and Call Accounts and Corporate Equity Funds. The investments made in the second half year and the credit ratings applicable to the counterparty at the point at which the investment was made, was shown in Appendix B to the report, along with Council's current 2016/17 Counterparty lending list.

The report retrospectively looked at the activity during the last six months and was a statement of fact, therefore, there were no alternative options.

Having considered the report and having heard from the officers present, the Committee

Resolved that the report be noted.

(Councillor Gifford arrived during discussions on the above item)

At the conclusion of this item, the Chairman took the opportunity to thank the Principal Accountant (Capita) for his dedicated work and commitment to the Council. Mr Wyton was due to retire from the authority and this was his last appearance at Finance and Audit Scrutiny Committee. The Chairman described his work as outstanding and wished him well for the future.

22. Review of Neighbourhood Services Contracts Register

The Committee received a report from Neighbourhood Services which set out the Neighbourhood Services Contract Register for review by the Finance & Audit Scrutiny Committee, and highlighted any issues which needed to be addressed in the next 12 months.

The review of Neighbourhood Services Contract Register allowed members the opportunity to consider the robustness of the register, make appropriate suggestions on how the register could be improved, and consider the document within the context of promoting sound procurement practice across the Council.

The latest version of the Neighbourhood Services element of the Corporate Contract Register was attached as Appendix 1 to the report.

The report highlighted that there were a number of procurement exercises due to be carried out over the next 12 months including parking machines in off street car parks & pay on foot in multi storey car parks, the provision of waste receptacles, outdoor play equipment and plant collection in Jephson Gardens Temperate House.

In addition, Neighbourhood Services were currently in the process of procuring works to improve the security of parks, open spaces and car parks to prevent unauthorised encampments as well as starting a procurement exercise to engage a specialist surveying company to undertake a data capture project of the Council's parks and open spaces.

The Head of Neighbourhood Services introduced the report and highlighted the salient points and the varied works due to commence in the near future.

Members discussed the contract relating to the car parking machines which would require replacement within the next two years. Queries were raised regarding the maintenance element of the contract which officers confirmed the Council were still locked into. However, the Committee noted that consideration would be given to the installation of machines that allowed more flexible methods of payment, for example card and cash.

Some discussion took place relating to the contract with Capita which was described as a rolling contract. This could often cause issues when the contract was rolled on and officers had to be mindful of the EU regulations and threshold. Officers explained that this contract supplied the service to complete on-line payments.

Having considered the report and having heard from the officers present, the Committee felt that the report was well laid out and thanked the officers for attending. The Committee

Resolved that the report be noted.

23. **Public & Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraphs 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

24. **Housing Benefits and Council Tax Reduction – Risk Based Verification Review**

The Committee received a confidential report from Finance which requested approval of the policy for the use of Risk Based Verification in assessing new Housing Benefit and Council Tax Reduction claims and changes in circumstances.

The full minute to this item was detailed in the confidential minutes of the meeting.

Having considered the report and having heard from the officers present, the Committee

Resolved that the policy be reaffirmed.

(The meeting resumed in public session.)

25. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 28 June 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 28 June 2017.

Item 5 – St Mary’s Lands Masterplan and Update on Progress of Delivery Plan

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Item 9 – Whitnash Community Hub

The Finance & Audit Scrutiny Committee supported the principle of the recommendations but raised concerns that the VAT arrangements for the project had not been fully clarified yet, some Members queried the sensitivity analysis and queried the potential lack of involvement from WCC Library Service and the Sports and Social Club.

Item 4 – Review of Warwick District Council Members’ Allowances Scheme

The Finance & Audit Scrutiny Committee noted the recommendations in the report.

26. **Comments from the Executive**

The Committee considered a report from Democratic Services which summarised the Executive’s response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 1 June 2017.

Resolved that the report be noted.

27. **Review of the Work Programme & Forward Plan**

The Committee considered its Work Programme for 2017/2018 and the Forward Plan.

A revised work programme was circulated at the meeting and officers highlighted the following additions and amendments:

The Final Accounts report would be submitted to 25 July 2017 meeting; and

The Linen Street Car Park report had been moved to the To Be Confirmed section of the Forward Plan, on under Reason 3.

The Deputy Chief Executive (BH) advised that an update report had been submitted to the Overview and Scrutiny Committee that evening relating to the car parks. The report had advised that whilst the deterioration had slowed, monthly inspections were still being carried out. In addition, a report would be coming forward to Executive in September relating to the displacement strategy for Warwick.

Resolved that the report be noted.

28. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 28 June 2017)**

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 28 June 2017.

Item 10 – Transforming our Workplace Budget Provision

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

29. **Confidential Minutes**

The confidential minutes of the meeting held on 31 May 2017 were not available and would be submitted to a future meeting.

(The meeting ended at 8.46pm)

Finance and Audit Scrutiny Committee

Minutes of the meeting held on Tuesday 25 July 2017 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Barrott (Chair), Councillors; Cain, Gallagher, Gifford, Margrave, Murphy, Noone and Quinney.

Also present: Councillors Butler, Rhead, Phillips and Whiting.

30. **Apologies and Substitutes**

- (a) Apologies were received from Councillors Davies and Howe; and
- (b) Councillor Murphy substituted for Councillor Illingworth.

31. **Declarations of Interest**

There were no declarations of interest.

32. **Minutes**

The minutes of the meeting held on 31 May 2017 were agreed and signed by the Chairman as a correct record.

33. **Statement of Accounts and Annual Governance Statement 2016/17**

The Committee received a report from Finance which advised that the 2016/17 Accounts had been closed and were in the process of being audited. The Audited Statement of Accounts was presented to Finance and Audit Committee for its approval and was attached as Appendix A to the report.

The Executive was due to consider the Final Accounts at its meeting on 26 July 2017 and the report would detail the out-turn by Fund, with explanations for significant variations from Budget.

Members were reminded that the Final Accounts process for 2016/17 had been brought forward to comply with the regulations which would come into force for the 2017/18 Final Accounts. Under the Accounts and Audit Regulations 2015, Local Authorities' audited Statement of Accounts from 2017/18 had to be published by 31 July 2018, and annually thereafter. The Final Accounts process for 2016/17 had been brought forward this year to comply with this.

The report advised that the Accounts were completed by the end of May, allowing two months for the Audit process.

The Statement of Accounts had been updated from the initial draft completed in May 2017 to reflect the initial comments from the auditors, these being minor changes to the narrative. The Statement had been prepared using principles and practices of accounting which 'presented a true and fair view' of the financial position and transactions of the Council. 'Proper accounting practices' were deemed to be those specified in CIPFA's

"Code of Practice on Local Authority Accounting in the United Kingdom 2016/17" ("the Code") which involved interpretations of accounting standards and other pronouncements by the Accounting Standards Board.

The Statement of Accounts was comprised of four primary statements plus two supplementary statements that reflected specific activities of a shire district council – the Housing Revenue Account and the Collection Fund.

The first primary statement was the Comprehensive Income and Expenditure Statement (page 19). This was a more detailed analysis of the true economic cost of providing services. Although it would appear that the Council was operating at a large surplus, this was mainly due to the HRA impairments reversal (-£36.8m) and the new accounting regime operating in the wake of HRA Self Financing in 2011/12, whereby the Council was putting aside resources to build more homes.

The second primary statement was the Movement in Reserves Statement (page 20). This showed the movement in the year on the different reserves held by the Council and analysed them into 'useable reserves' (i.e. those that could be applied to fund expenditure or reduce local taxation) and other reserves (i.e. 'unusable reserves').

The report also highlighted the Balance Sheet, detailed at page 21 and the Cash Flow Statement, detailed at page 22 which was a summarised account with the notes providing the details.

Representatives from Grant Thornton, Mr Patterson and Ms Lillington addressed Members and explained that the audit of the accounts had not been finalised. This was due to the timeframes surrounding the earlier process which just could not be met on this occasion. Mr Patterson & Ms Lillington assured Members that the audit was ahead of previous years and they continued to work with officers to do things differently. They stated that significant improvements had been made from previous years.

Despite these improvements, there were still areas that could work better including the availability of working papers when requested. It was hoped that the audit would be completed by the end of the week and with the Head of Finance by the beginning of August.

Mr Patterson advised that they would be in a position to update Members on the objections to the accounts at the next Finance & Audit Scrutiny meeting.

The Head of Finance advised that the team had completed the accounts two months earlier than in previous years. This new way of working was a pilot and officers had been very close to meeting the deadline. Warwick District was not the only local authority to move to an early close down and was not alone in missing the date.

In response to a question, Mr Patterson explained that processes had been completed faster but errors had crept through as a result. The Head of Finance assured the Committee that the department had taken these points on board and was improving its processes.

The Strategic Finance Manager addressed Members and advised that 'lessons learned' meetings had already been booked in and officers were meeting with Audit in early September.

Members agreed that the workplan should be altered in light of the Audit Findings report being unavailable until the 30 August meeting.

Having considered the report and presentation, the Committee therefore

Resolved that the decision be **deferred** until the Audit Findings report was available at 30 August 2017 meeting.

34. **Development Services Risk Register**

The Committee received a report which set out the process for the review by Finance & Audit Scrutiny Committee of the Development Services Risk Register.

The review process enabled the Committee to fulfil its role in managing risk. In its management paper "Worth the risk: improving risk management in local government", the Audit Commission clearly set out the responsibilities of Members and officers. These were detailed in the report.

Risk registers were in place for all significant risks facing service areas in the provision of their services. In addition to service risk registers for all service areas, the Significant Business Risk Register contained the organisation's corporate and strategic risks.

The latest version of the Development Services Risk Register was attached at Appendix 1a and 1b to the report and had last been reviewed by Finance & Audit in September 2015.

The Development Services Risk Register was owned and managed by the Development Services Management Team and the Portfolio Holders for Business and Policy and Development. The register was reviewed on a regular basis by the Managers of the service area and discussed on a regular basis with the Portfolio Holders as identified in the Service Area Plan. Although the risk register for the service area was one document, it was split into portfolio holder areas for operational reasons. Furthermore, there was a risk for the service area relating to the Local Plan also managed through the review of the Significant Business Risk Register.

The scoring criteria for the risk register was subjective and based on an assessment of the likelihood of something occurring and the impact that might have. Appendix 2 to the report set out the guidelines that were applied.

Councillor Rhead, Portfolio Holder for Development Services and Councillor Butler, Portfolio Holder for Business attended the meeting, along with the Head of Development Services and introduced the report. Councillor Rhead highlighted that all movements were positive, implying that the risk had decreased.

Councillor Butler supported this statement and advised that the document accurately represented the risks and relevant mitigation measures.

Following a query raised about Risk 8 on page 18 of the report, the Head of Development Services advised that this had been combined with Risk 7

because it had been felt too repetitive. Councillor Rhead agreed that he felt there had been too many repetitive risks and had therefore consolidated this into one risk. It was suggested that the word 'procedures' be added to clarify that the risk was not solely highlighting the failure to determine applications within certain timescales.

Further discussions were held relating to the risks associated with the Local Plan. The Portfolio Holders reminded Members that they continued to work closely with officers and had attended 'Risk Workshops' with the Audit and Risk Manager. It was important that the risks were re-evaluated to ensure they remained current because the register needed to be a real management paper.

Members were reminded that it was not pertinent to eliminate a risk because it was 'low' because there was always the chance it could change. In addition, it may take a lot of work to keep those risks 'low'.

Having considered the report and presentation, the Committee therefore

Resolved that the Development Services Risk Register is noted.

35. **Executive Agenda (Non-Confidential Items & Reports – Wednesday 26 July 2017)**

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 26 July 2017.

Item 3 – Final Accounts 2016/17

The Finance & Audit Scrutiny Committee supported the recommendations in the report.

Item 5 – Improvements in Royal Pump Rooms

The Finance & Audit Scrutiny Committee fully supported the recommendations in the report.

However, Members raised concerns that the catering contract at the Pump Rooms will be extended for a further 12 months from February 2018 although they noted the reasons for this decision.

Item 8A – Significant Business Risk Register

The Finance & Audit Scrutiny Committee noted the report but expressed its dissatisfaction that the Leader of the Executive was not available to attend the meeting and answer its questions.

36. **Anti-Fraud & Corruption Progress Report 2016/17**

The Committee received a report from Finance which informed Members of the progress made in implementing the 2016/17 action plan and presented the 2017/18 action plan for approval.

In 1995, the Council was among the first in the country to adopt formally an Anti-Fraud and Corruption Policy and Strategy. Since that time the

strategy had been subject to an annual review and for some time the review had been accompanied by an action plan to maintain the strategy and to help deliver its objectives. A copy of the strategy was attached as Appendix C to the report.

The report ensured that the strategy was reviewed and remained relevant and completing the action plan contributed towards improving the overall control environment, raising awareness on fraud and corruption matters and the prevention and detection of fraud and corruption.

The strategy related to internal fraud only and not to any frauds involving Council Tax Reduction, Single Person Discount, Business Rates and Right to Buy. There was a separate strategy for those areas, overseen by the Benefits Manager.

The action plan was based on the continuous improvement of the Council's anti fraud and corruption measures. The completion of the 2016/2017 action plan needed to be considered along with the action plan for 2017/18.

The Audit and Risk Manager introduced the report and explained that there had only been fairly routine actions required. The state of internal control at the Council was felt to be good and the main aims of this document were to raise awareness. The Anti-Fraud and Corruption message was a key part of the induction process for new employees and officers delivered a session at the Corporate Induction.

Having considered the report and presentation, the Committee

Resolved that

- (1) the report and the progress made in implementing the 2016/2017 action plan, attached at Appendix A to the report, are noted; and
- (2) the action plan for 2017/2018, attached at Appendix B to the report, is approved.

37. Comments from the Executive

The Committee considered a report from Democratic Services which summarised the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 28 June 2017.

Resolved that the report be noted.

38. Review of the Work Programme & Forward Plan

The Committee considered its Work Programme for 2017/2018 and the Forward Plan.

Officers highlighted the following additions and amendments:

The Audit Findings Report would be submitted to 30 August 2017 meeting.

Resolved that the report be noted.

39. **Public & Press**

Resolved that under Section 100A of the Local Government Act 1972 that the public and press be excluded from the meeting for the following item by reason of the likely disclosure of exempt information within paragraphs 1, 2 and 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

40. **Confidential Minutes**


The Committee received the confidential minutes of the meeting held on 31 May 2017.

Councillor Noone raised a number of issues with the content of the minutes, which in turn led to a discussion relating to previous reports and decisions made around the Electrical Maintenance Contract.

Further content of this debate would be contained in the confidential minutes to the meeting.

Due to the discussions referred to above, the minutes were not agreed and would be submitted to a future meeting.

(The meeting ended at 8.20pm)

	Finance and Audit Scrutiny Committee 30 August 2017	Agenda Item No. 4
Title	Statement of Accounts and Audit Findings Report 2016/17	
For further information about this report please contact	Marcus Miskinis Tel 01926 456804 marcus.miskinis@warwickdc.gov.uk Jenny Clayton Tel 01926 456013 Jenny.Clayton@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	<div>27 July 2016: Budget Review to 30 June 2016</div> <div>28 September 2016: Fees and Charges 2017/18</div> <div>2 November 2016: Budget Review to 30 September 2016</div> <div>30 November 2016: General Fund Base Budgets latest 2016/17 and Original 2017/18</div> <div>30 November 2016: Housing Revenue Account Base Budgets latest 2016/17 and Original 2017/18</div> <div>8 February 2017: GF Budget 2017/18 And Council Tax – Revenue & Capital</div> <div>HRA Budget 2017/18 And Rents</div> <div>23 February 2017: Formal Council Tax Resolution</div> <div>25 July 2017: Statement of Accounts</div> <div>26 July 2017: Final Accounts 2016/17</div>	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	
Equality Impact Assessment Undertaken	No (This Report is a matter of fact)

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	18/8/2017	Andrew Jones
Head of Service	18/8/2017	Mike Snow
CMT	18/8/2017	
Section 151 Officer	18/8/2017	Mike Snow
Monitoring Officer	18/8/2017	Andrew Jones
Finance	18/8/2017	Report from Finance
Portfolio Holder(s)	18/8/2017	Peter Whiting
Consultation & Community Engagement		
Not Applicable		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **Summary**

- 1.1 The 2016/17 Accounts have been closed, audited and are due to be made available on the Council's Website after the signed Audit Certificate is received. The Audited Statement of Accounts are presented to Finance and Audit Scrutiny Committee for their approval.
- 1.2 A report was presented to the Committee with the intention of their being able to sign off the Accounts before the end of July, the new deadline to be applicable from 2017/18 Accounts. However, the Audit had not been completed and the Committee received an interim Report. The Audit Findings Report from the external auditors in respect of the 2016/17 audit is now presented alongside this report.

2. **Recommendation**

- 2.1 It is recommended that the Committee:-
 - a) Notes the 2016/17 Audit Findings Report.
 - b) Approves the letter of representation on behalf of the Council.
 - c) Approve the Audited Statement of Accounts.

3. **Reasons for the Recommendation**

- 3.1 As part of corporate governance, Members have an important role in overseeing the framework of internal control of the Council.
- 3.2 The Council's Constitution states that the Finance and Audit Scrutiny Committee will act as the Council's audit committee. In November 2016, the Constitution was updated so that this Committee will approve the Council's Statement of Accounts each year.
- 3.3 The audit of the accounts is now virtually complete, with the Audit Findings Report from the external auditors having been issued (attached). Consequently, Members are asked to approve both the letter of representation (attached) and the Audited Statement of Accounts.

4. **Policy Framework**

- 4.1 **Policy Framework** – The Final Accounts for 2016/17 represent a historic account of the financial performance for that year and, therefore, identifies how well, or otherwise, the Budget and Policy frameworks have been complied with
- 4.2 **Fit for the Future** – Any variations impacting on Fit For the Future projects will be incorporated into those projects. This report is looking into the previous year, only savings already achieved will be included in these figures.
- 4.3 **Impact Assessments** – The Council's Final Accounts cover the community throughout the District. It is a statement of fact and officers will have considered any impact when amending their budgets.

5. Budgetary Framework

- 5.1 The Statement of Accounts 2016/17 (Appendix A) is a historic account of the financial performance of the year and shows comparison with the budget (where appropriate) for 2016/17 and with 2015/16.
- 5.2 The Final Accounts for 2016/17 represent a historic account of the financial performance for that year and, therefore, identifies how well, or otherwise, the Budget and Policy frameworks have been complied with. More details on the Council's overall performance, with details of the Revenue and Capital variations were discussed within the Final Accounts report on the 26 July Executive agenda.

6. Risks

- 6.1 There have been numerous risks throughout the process to close the accounts and produce the Statement of Account, with Officers maintaining a Risk Register to monitor these. Approval of the Statements is the final stage prior to publication.
- 6.2 Despite mitigation, some risks materialised and mitigation measures were not sufficient, namely there being errors in the Accounts and the Auditors were unable to complete their audit in time for the July Committee Meeting.
- 6.3 The Risk Register will be reviewed and mitigation measures increased for the 2017/18 closure.

7. Alternative Option(s) considered

- 7.1 No alternative options are proposed.

8. Background

8.1 The Statements

- 8.1.1 The changes required to the Statement of Accounts in line with the "Code of Practice on Local Authority Accounting in the United Kingdom 2016/17" ("the Code") were included within the report to the Committee within the July report.
- 8.1.2 The Annual Governance Statement is published with the Statement of Accounts. This has already been approved by this Committee.

8.2 Audit Findings Report

- 8.2.1 As detailed in the attached Audit Findings Report (AFR) from the External Auditors, the audit of the 2016/17 Accounts is substantially complete. Some of the main issues coming out of this report are discussed below.
- 8.2.2 Adjustments to Accounts
As detailed on page 20 of the AFR the most significant adjustment made to the accounts was in respect of creditor and debtor balances, where an item was included in the debtor balance which should have been included in the creditor balance. Whilst the figure was significant, it does not have an overall impact on the Council's financial standing as shown within the Balance Sheet.

Various other minor adjustments were made to the Accounts, these ranged from wording required to the notes within the Statements to grammatical changes.

8.2.3 Unadjusted Misstatements

Page 21 of the AFR details the items that the auditors have found for which it is proposed not to adjust the 2016/17 Accounts. These 4 items are discussed below:-

1. £159k over-statement of the housing stock. Taken in context of the overall valuation of the stock of over £350m, it is not considered that this variance is significant, especially given that the valuation does vary each year. The valuations used are reviewed annually for each years' accounts.
2. £191k Creditor balances for NNDR. This goes back to the first year of business rate retention, 2013/14, and has only now been raised. This will be adjusted in 2017/18 and, due to the requirements of business rate retention accounting, the Council's share of this will impact upon the Business Rate Volatility Reserve in 2018/19.
3. £15k legacy balance. Again, this balance has been on the accounts for several years. It is intended that this balance will be utilised in 2017/18.
4. £481k investment properties valuation overstated. Last year, the Council had all of its Investment Properties revalued as part of the rolling cycle. Unfortunately the Council's Accounting Policy had not been updated to reflect IFRS 13, introduced in January 2013, which required them to be revalued annually. This only came to light during this year's audit. Officers then had the properties revalued in July to demonstrate the impact was not material. With investment properties valued at over £11m, and due to be re-valued annually, it is not proposed to adjust in 2016/17.

The gross total of these unadjusted misstatements is £846k. However, it will be noted, as most are book valuations, the real impact on the Council's overall finances is not deemed to be significant.

8.2.4 From 2017/18, the Accounts and Audit Regulations require that the accounts are produced, audited and signed off by 31 July. The 2016/17 Account were piloted to seek to meet the 31 July date. As reported previously, this date has been narrowly missed, with the auditors having stated that they should have been able to sign off by early August.

8.2.5 Given the target was to reduce the overall period for closure and audit by a third (6 months down to 4 months), the good work that both the accountants and auditors have done should be recognised in achieving an earlier closedown for 2016/17, even though the target date was not achieved. Most local authorities are understood to have been seeking to similarly pilot the early closedown, with many having similarly not fully achieved this for 2016/17.

8.2.6 The AFR highlights some of the issues which have impacted upon the audit not being completed by 31 July. These include:-

Working papers.

Great endeavours have continued to be made to make these as clear and understandable in electronic formats to the auditors as possible. Whilst

significant strides have been made in recent years, it is acknowledged that some improvements are still required. The accountants and auditors are working closely to ensure further improvements can be made, and are optimistic that this will be possible.

Journals.

Last year the auditors reported that they had problems confirming the overall journal environment. Consequently much work progressed, in discussion with the auditors to produce a comprehensive listing. In undertaking the audit, the auditors reported that the new report did not fully satisfy their requirements. Consequently, further work is required to satisfy this requirement for the future.

8.2.7 Action Plan

The AFR includes a number of recommendations as set out in their action plan. These are still to be discussed in detail with the external auditors. This has not been possible yet due to the concentration of work on closure and the audit, and the fact that this has been over the main holiday period. It is anticipated that the Accountants and Auditors will meet in September to ensure all are clear of the actions required ahead of the 2017/18 Accounts process. The Action Plan is included at the end of this report, with the initial responses included, although these may change, subject to the outcome of these planned discussions. The progress on achieving the Action Plan will be monitored at future team and one to one meetings.

8.2.8 Value for Money

Based on the work the auditors performed they have concluded that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1	The reporting mechanism available for journals should be further reviewed to make it easier to extract a complete journal listing.	Medium	Further discussions on-going with auditors to agreement requirements with bespoke report likely to be commissioned from software supplier.	31 December 2017 Principal Accountant (Systems)
2	Officers should consider how they can provide greater evidence of challenge of the work of experts, particularly in relation to material estimates such as the asset valuation and the valuation of pension liabilities.	Low	When the relevant valuation from experts are received (e.g. from valuers and actuaries), these will be subject to scrutiny and challenge.	31 March 2018 Strategic Finance Manager
3	Finance staff should review how the working papers to support the financial statements are produced and filed, so that they are easy to locate and understand by finance staff who have not been involved in the accounts production process. A quality assurance arrangement should be put in place for all working papers produced which should be appropriately evidenced.	Medium	To be discussed further with accountants and auditors, with examples of good practice being sought. Greater quality assurance will be incorporated, this will have to be included in the overall closure timetable	31 March 2018 Strategic Finance Manager
4	Further work should be undertaken on de-cluttering, looking to eliminate non material notes and streamline the wording so that it is clear and concise.	Medium	Given the work that has happened on de-cluttering, discussions to be undertaken with auditors to ascertain where further de-cluttering is possible and relevant.	31 March 2018 Strategic Finance Manager
5	Officers should review year end processes and identify areas where they could be streamlined or undertaken at different times in the year. In particular, where could the accounts rely on greater use of estimates and does the financial reporting	High	Full review of year end processes to commence in September, with discussions between auditors/accountants.	31 March 2018 Strategic Finance Manager

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
	system provide the necessary reports to enable an efficient close down.			
6	The evidence base to demonstrate that assets are investments properties should be improved, with clear links to the asset management strategy of the authority.	Medium	This issue was raised last year. Delays with the new Asset Management Plan mean this has not progressed as far as intended. This was raised with the auditors ahead of the year end, with the auditors content to adopt the same approach as for 2015/16. Work is now understood to be on-going on producing the new Asset Management Plan (Deputy Chief Executive-BH).	31 March 2018 Principal Accountant (Capital)
7	As officers work on streamlining the reporting process in response to the recent peer review, consideration should be given as to whether more integrated reporting of savings targets and plans would be appropriate.	Medium	Following discussion with auditors, it will be considered by the HoF and CMT as to how improvements can be made.	31 December 2017 Head of Finance

WARWICK DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016/17 and
ANNUAL GOVERNANCE STATEMENT
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NARRATIVE REPORT

Message from the Head of Finance – Mike Snow

Legislation requires that an authority's audited Statement of Accounts is submitted to the appropriate body for approval by 30 September after the end of the financial year, in order to aid transparency, it also requires all local authorities to have a common thirty day public inspection period which includes the first ten working days in July. There is no longer a requirement for the audit committee to review the draft accounts; however, in line with good practice they will be presented to the Finance and Audit Scrutiny Committee in July.

From the 2017/18 Accounts, it is required that all local authority draft accounts are completed by 31 May following the year end, and agreed by members by 31 July. In preparation for this early closedown, the 2016/17 accounts have been prepared on this timescale. As part of the changes to enable this, the audited Statement of Accounts is to be presented to Finance and Audit Scrutiny Committee in July for approval.

As the financial statements demonstrate, the financial standing of the Council continues to be robust. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we pursue our drive for on-going improvement and excellence.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance (CIPFA). It aims to provide information so that members of the public, including electors and residents of Warwick District, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2016/17;
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner; and
- Be assured that the financial position of the Council is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. In accordance with the Auditors' 2015/16 recommendation, the content has been reviewed and the "de-cluttering" exercise has continued to seek to make the accounts more understandable.

The Narrative Report provides information about Warwick District, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2017 and is structured as below:

- Guide to the Financial Statements
- An Introduction to Warwick District
- Key Facts about Warwick District
- Key Information about Warwick District Council
- The 2016/17 Revenue Budget Process
- Capital Strategy and Capital Programme 2016/17 to 2019/20
- Financial Performance of the Council 2016/17
- Non-Financial Performance of the Council 2016/17
- Corporate Risks
- Summary Position
- Receipt of Further Information
- Acknowledgements

This is followed by an explanation of the Financial Statements, including information on significant transactions during 2016/17.

NARRATIVE REPORT

An Introduction to Warwick District

Warwick District Council is one of five district / borough councils within the shire county of Warwickshire. It lies in the south of Warwickshire and covers approximately 28,288 hectares. The district is a mixture of urban – there are four towns within the district: Royal Leamington Spa, Warwick, Kenilworth and Whitnash – and rural areas.

Royal Leamington Spa has wide boulevards, Georgian and Edwardian architecture and expansive, award-winning parks. Both Warwick and Kenilworth are steeped in history and each has a renowned castle.

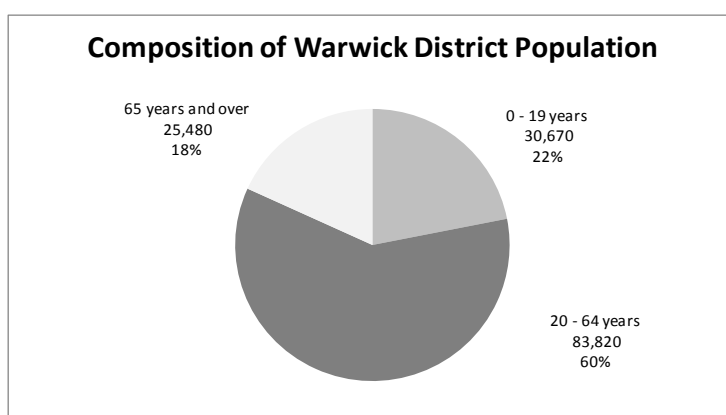
The Council's vision is to "make Warwick District a Great Place to Live, Work and Visit".

Key Facts about Warwick District

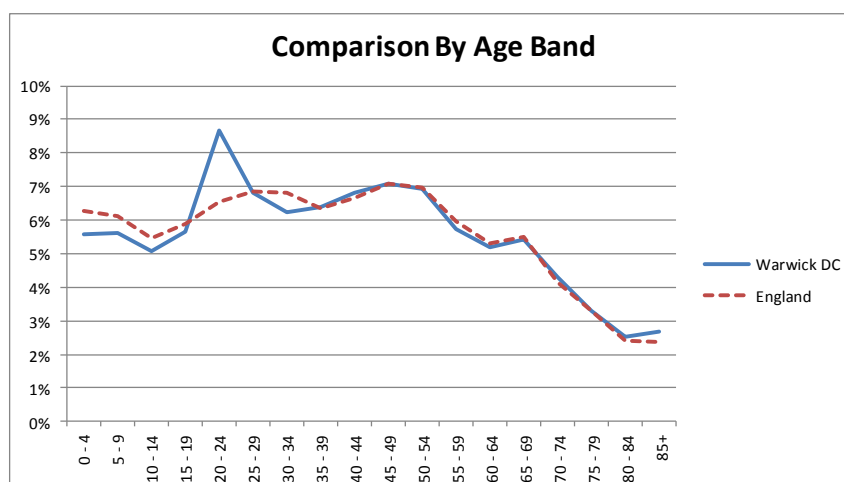
The profile of the local population dictates the direction and substance of the services provided by the Council.

Population

The Office for National Statistics Mid-Year Estimates for 2015 reported that Warwick District's estimated population was 139,970 with the age profile as presented below:



A comparison of Warwick District's age profile with England as a whole shows that for people aged 35 years and above the Warwick District population is virtually the same. However, at up to 19 years old the District is below the national average but has a much higher percentage of 20 to 29 year olds reflecting the large number of students in the area.



NARRATIVE REPORT

Key Information about Warwick District Council

Warwick District Council is a multifunctional and complex organisation. Its policies are directed by the political leadership and implemented by Portfolio Holders, who make up the Executive, and officers of the Council. The following section describes the political and management structures of the Council, the political ethos driving the policy agenda and the means by which these are implemented and managed.

Political Structure in the 2016/17 Municipal Year

Warwick District has 22 wards and the Council consists of 46 Councillors and following the local election on 7 May 2015 the political make-up of the Council was:

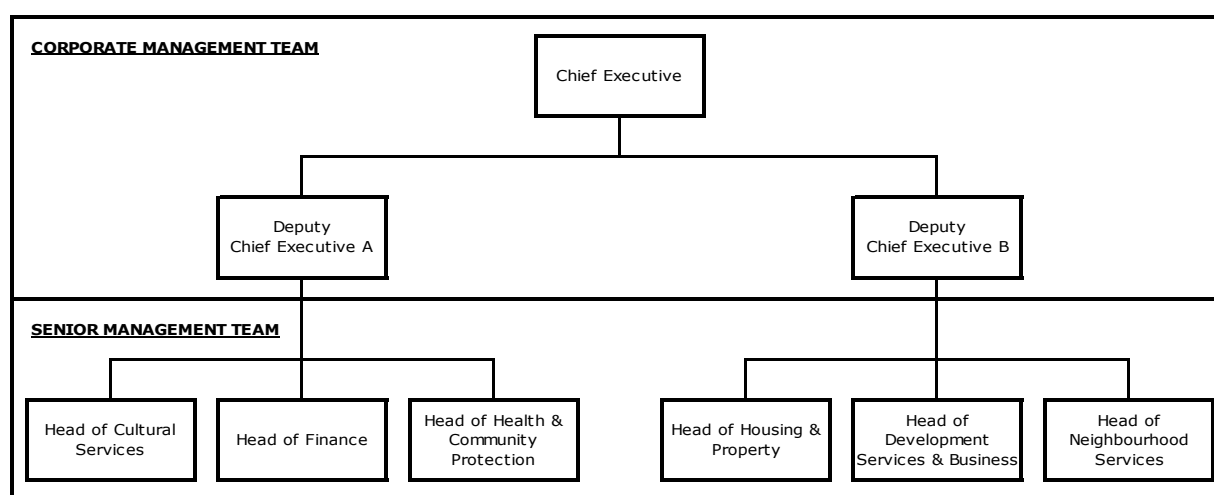
Conservative Party	31 Councillors
Labour Party	9 Councillors
Whitnash Residents Association (Independent)	3 Councillors
Liberal Democrat Party	2 Councillors
Green Party	1 Councillor

The Council has adopted the Leader and Executive model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The Leader of the Executive has responsibility for the allocation of Portfolios and the delegation of Executive Functions. Executive members are held to account by a system of scrutiny which is also set out in the Constitution. Scrutiny of Executive decisions for 2016/17, including the setting of a balanced budget for 2017/18, has been undertaken by either the:

- Finance and Audit Scrutiny Committee; or the
- Overview and Scrutiny Committee.

Management Structure

Supporting the work of Councillors is the organisational structure of the Council headed by the Corporate Management Team, led by the Chief Executive.



During 2016/17 the Corporate Management Team was comprised of the Chief Executive and two Deputy Chief Executives. Deputy Chief Executive A also performs the duties of the Monitoring Officer and Legal Client Manager.

The Head of Finance periodically attends the Corporate Management Team meetings in his role as the Council's Chief Financial Officer (the officer responsible under statute for the administration of the Council's financial affairs) together with other Heads of Service as required. This ensures that the key statutory officers are represented at the most senior level of the Council.

NARRATIVE REPORT

The Corporate Management Team is responsible for the delivery of Council services, directing improvements and future plans for Warwick District. It provides managerial leadership and supports Councillors in:

- Developing strategies;
- Identifying and planning resources;
- Delivering plans; and
- Reviewing the Council's effectiveness with the overall objective of providing excellent services to the public.

Supporting the Corporate Management Team is the Senior Management Team which consists of six Heads of Service as shown in the diagram on the previous page.

Council Employees

The whole time equivalent number of staff employed by the Council in April 2016 was 471. This reduced over the year by 21 to 450 in March 2017 following 7 retirements, 5 end of contracts and 3 other changes. There were also 6 redundancies following service restructures.

Sustainable Community Strategy

The Council has faced significant cuts in its funding from central government over the past few years resulting in revenue reductions of over £5m during the period 2009/10 to 2016/17. A further £0.8m of savings have been built into the budgets during 2017/18 to 2020/21.

Working with its partners who share the same vision the Council has consulted widely to find out the views of residents, local community groups and neighbourhood forums. Together we have produced a long term plan, known as the Sustainable Community Strategy. This will guide the Council towards creating a District where people feel safe, enjoy a healthy lifestyle and sense of wellbeing, have their housing needs met and there is a strong, diverse economy.

Fit for the Future change programme was approved by the Council on 20 October 2010. This programme will enable the Council to provide high quality services which its customers value, improve the way it develops as an organisation and balance its budget.

In moving forwards it is critical that we are clear of our place, leadership role and priorities. We are now five years into our Fit for the Future, with the programme having been regularly reviewed and updated over that period. Following a Corporate Peer Challenge review in 2016, Fit For the Future has been further reviewed with an updated plan agreed for the next few years.

The Council's Corporate Action Plan

In 2009 The Warwick Partnership (the Local Strategic Partnership) published its Sustainable Community Strategy (SCS) for the District SCS, with a shared Vision of Warwick District as "a great place to live, work and visit, where we aspire to build sustainable, safer, stronger and healthier communities". As time has moved on and the national and local landscape has evolved, the Council has ensured that the Strategy has remained relevant with a significant review in 2013. The review concluded that the Strategy should focus on five key themes:

- Health & Wellbeing;
- Housing;
- Prosperity;
- Safer Communities; and
- Sustainability.

Progress against the strategic priorities is reported to Members on a six-monthly basis.

NARRATIVE REPORT

Key Factors that Influenced the Council and its Financial Position in 2016/17

The key factors that have influenced the Council and the services that it provided in 2016/17 are:

- Local Government Finance Acts;
- The Local Government Finance Settlements; and
- Economic climate and continuing reduction in the national deficit.

These issues will continue to frame the way in which Council services are provided in future financial years.

Political

- Local Government Finance –work has continued to reduce the national deficit continued with the Chancellor's Budget in March 2016 confirming a revised level of public spending throughout the period, with the aim of achieving a budget surplus of £10.4bn by 2019/20 that an additional £20 billion of public sector spending reductions would be required by 2020. The Chancellor's Budget of March 2016 included additional savings equivalent to 0.5% of total government spending by 2019/20, for which a departmental efficiency review would identify how this could be saved.
- Following the Referendum in June 2016, in the Chancellor's Autumn Statement the government abandoned its commitment to reduce public sector net borrowing to a surplus by the end of this Parliament, with it planning for a deficit of £21.9bn in 2019/20.
- During 2016/17 the Government consulted on the proposed 100% Business Rate Retention scheme then planned for 2019/20, with the consequent end of Revenue Support Grant. With the announcement of the General Election in June 2017, the timetable for the timing for the introduction of 100% Business Rates Retention is in doubt.
- As with the rest of the country, the result of the Brexit Referendum will undoubtedly impact upon the Council. Until more details are known about the negotiations, it is not possible to understand how the Council will be affected.

Economic

- Government austerity measures – aimed at getting the public sector deficit under control have continued to influence resources available to the Council, with the Council having to make considerable budget reductions. As the Government's own targets have changed, it has meant that the austerity measures have been extended to 2020.
- Business Rate Relief – Most of the schemes, including Small Business Rate Relief which operated throughout 2015/16 were extended for one more year and business rates increases were 0.8% from April 2016. The Retail Relief was not continued into 2016/17, this ended as at 31st March 2016.

Social

- The 2015 Office for National Statistics mid-year estimates reported Warwick District's population at 139,970.
- Warwick District has a slightly lower proportion of people up to 19 years old compared to England as a whole. However, the proportion of people aged 20 to 29 is considerably higher in the District. From 30 years onwards the District has a similar proportion of people as the national average.
- The National Living Wage increases to £7.50 per hour in April 2017 for over-25s only; it is uncertain how its introduction will affect local small businesses and low-paid local sectors such as childcare and retail.

NARRATIVE REPORT

Technological

- The huge increase in the use of the internet, social media and social networking has made these channels one of the main ways of informing and communicating with others.
- As part of the Council's redesign of services its Digital Transformation Policy will greatly enhance the use of digital technology for its customers to access the council's services.

Legal

- Finance Act 2015 and National Insurance Contributions (Rate Ceilings) Act 2015 – include legislation to ensure that there would be no rise in the Income Tax rate, VAT or National Insurance before 2020. It also raises the Income Tax threshold to £12,500 by 2020.
- The Welfare Reform and Work Act 2016 – received royal assent in March 2016 and includes wide-ranging provisions covering employment and the apprenticeships targets, support for troubled families and life chances, the benefit cap, social security and tax credits, loans for mortgage interest and social housing rents.
- Accounts and Audit Regulations 2015 – which has changed the timeline for the production and approval of Local Authorities' Statement of Accounts.
- Housing and Planning Act 2016 introduces legislation to allow the sale of higher value local authority homes, more building of starter homes and "Pay to Stay" and other measures intended to promote home ownership and boost levels of housebuilding.
- Following the announcement of the June 2017 General Election, there is uncertainty as to when, and if, the provisions within the 2017 Local Government Finance Bill will be passed. These include 100% Business Rate Retention and other matter relating to business rates.

Environmental

- Carbon Reduction Commitment (CRC) – the Government proposes by 2019 to end the current mandatory scheme, which was aimed at improving energy efficiency and cutting emissions in large public and private sector organisations. The replacement will be a new universal Climate Change Levy on business, resulting in a new tax on the Council's energy costs.
- Adverse weather conditions may require extra investment in preventative measures and could result in costs to the local economy if the infrastructure is out of action for an extended period of time.

The 2016/17 Revenue Budget Process

The 2016/17 revenue budget process was influenced and framed by the continued need to make reductions in expenditure whilst progressing Council priorities.

In December 2015 the Executive and Council approved detailed budget reports for both the General Fund and Housing Revenue Account for setting the 2016/17 revenue budgets.

By February 2016 the Council had received the 2016/17 Revenue Support Grant Settlement; updated business rate retention projections for 2016/17, the New Homes Bonus allocation 2016/17 and an updated Council Rent Policy. Any further changes in circumstances that had been identified were also taken into account. The Executive recommended that the net General Fund revenue budget for 2016/17 be set at £7.878m; this was approved by Council at its meeting on 24 February 2016. Council also approved the Capital Programme for 2016/17 to 2019/20 and the Medium Term Financial Strategy 2016/17 to 2020/21 along with the Housing Revenue Account Budget for 2016/17.

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Council Tax

Council policy in 2016/17 was to increase the Band D Equivalent Council Tax by £5 as allowed in the Government's Final Grant Settlement announcement. This was equivalent to a 3.4% increase. Both Warwickshire County Council and the Office for the Warwickshire Police and Crime Commissioner increased their Council Tax by 3.99% and 1.99% respectively.

The comparison of Council Tax levels from 2014/15 to 2016/17 is shown below:

Band D Council Tax by Tax Raising Body	2014/15 £	2015/16 £	2016/17 £
Warwick District Council	146.86	146.86	151.86
Warwickshire County Council	1,178.19	1,201.14	1,249.02
Office of Warwickshire Police and Crime Commissioner	184.56	188.23	191.98
Average Parish and Town Councils	24.23	24.26	25.17
TOTAL Band D Council Tax	1,533.84	1,560.49	1,618.03

Council Tax Base

The revision to the 2016/17 Tax Base, resulting in an increase of 1,042.47 to the number of Band D equivalent properties (as shown in the table below), produced a net increase in Council Tax income of £158,309 for Warwick District Council. This in part reflects the Council's support for local house building and the regeneration of the district.

	2014/15	2015/16	2016/17
Number of Band D equivalent dwellings	49,836.88	50,836.73	51,879.20

Collection Fund – Council Tax

Payments out of the Collection Fund for in-year Council Tax (excluding prior year surpluses / deficits) from 2014/15 to 2016/17 are set out in the table below and show a year on year increase in funding available for the precepting bodies reflecting the increase in the Council Tax Base and any increase in demand:

	2014/15 £'000	2015/16 £'000	2016/17 £'000
Warwick District Council	7,319	7,466	7,878
Warwickshire County Council	58,717	61,062	64,798
Office of Warwickshire Police and Crime Commissioner	9,198	9,569	9,960
Average Parish and Town Councils	1,208	1,233	1,306
TOTAL Demands	76,442	79,330	83,942

Medium Term Financial Strategy for 2016/17 to 2020/21

The Medium Term Financial Strategy (MTFS) was approved at the Council meeting on 24 February 2016 and it set the framework to enable the Council to determine an appropriate course of action to address significant financial challenges not only for 2016/17 but for future financial years. In line with the vast majority of local authorities, the Council accepted the Government's offer to "fix" the subsequent three year grant figures included in the 2016/17 Grant Settlement and duly submitted the required Efficiency Statement.

NARRATIVE REPORT

The revenue budget reductions included in the MTFS highlighted that the Council would have to continue the Fit for the Future change programme for future business and organisational arrangements in order to continue to provide value for money public services. The original MTFS budget reduction requirements reflected future years' revised targets following the Comprehensive Spending Review of 2013 and the 2016/17 Settlement. Information provided in the Settlement was for 2016/17 and the following three years have enabled a much more comprehensive assessment of the Council's future financial position.

The major influences on the budget going forward to 2017/18 and beyond are the continued anticipated reductions in Central Government support, including the implementation of 100% business rates retention, and expenditure pressures relating to: pay awards, inflation and capital financing in relation to the Council's capital programme.

Budget Reviews

Revenue and capital budget review information is reported monthly to the Senior Management Team and quarterly to the Executive. Executive reports are reviewed by the Finance and Audit Scrutiny Committee. The third quarter report to the Executive (November) is a detailed review of budgets which also includes the first draft of the detailed budgets for the forthcoming year.

Capital Programme 2016/17 to 2019/20

The Capital Programme was approved at the Council meeting of 24 February 2016. The programme is set over a four year period 2016/17 to 2019/20.

In total the planned programme for 2016/17 was £11.7m, mostly funded from internal reserves. As 2016/17 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year, new assumptions, approvals and scheme updates, as information became available. The revised capital budget for 2016/17 was £21.5m. The largest elements of the budget for the year were Leisure Centre Refurbishments (£3.6m) Restoration of the Pump Room Gardens (£1.3m), the building of new Council housing stock (£7.6m) and improvements to existing housing stock (£4.9m).

Resources Available for the Capital Programme

The table below summarises the approved resources available for the 2016/17 Capital Programme and the indicative programme to 2019/20. This level of resources ensures that the overall planned spending and funding are in balance.

	Original 2016/17 £000	Latest 2016/17 £000	Proposed 2017/18 £000	Proposed 2018/19 £000	Proposed 2019/20 £000
Capital Receipts	504	4,971	1,335	264	188
Internal Borrowing	50	3,467	8,996	152	-
Grants and Other Contributions	499	2,608	2,626	452	422
Leasing	-	74	-	-	-
Revenue Contributions	10,665	10,395	5,899	5,239	4,956
Total Capital Programme Funding	11,718	21,515	18,856	6,107	5,566

Financial Performance of the Council 2016/17

Revenue Outturn Position – General Fund Services

The Council's 2016/17 revenue outturn position in respect of its General Fund Services is shown in the table below. The original budget set at the Council meeting on 24 February 2016 was £12.704m. The original budget set out how the Council planned to allocate its funding

NARRATIVE REPORT

during the year in order to deliver services to the people and communities within Warwick District.

In overall terms, the Council achieved a surplus of £0.456m for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to reserves.

	Original Budget £000	Actual £000	Variation £000
Net Revenue Expenditure:			
Culture	3,160	4,017	857
Development Services & Business	1,938	2,642	704
Finance	2,352	2,025	(327)
Health & Community Protection	2,597	2,691	94
Housing and Property Services	2,104	1,526	(578)
Neighbourhood Services	4,838	3,437	(1,401)
Strategic Leadership	1,176	1,392	216
Net Service Expenditure	18,165	17,730	(435)
Less Financing Adjustments	(5,461)	(6,653)	(1,192)
Total Net Expenditure	12,704	11,077	(1,627)
Financed By:			
Council Tax Payers	(7,878)	(7,878)	-
Revenue Support Grant	(1,587)	(1,587)	-
Retained Business Rates	(877)	283	1,160
New Homes Bonus Grant	(2,258)	(2,258)	-
New Homes Bonus Returned Funding	(10)	(7)	3
Transition Grant	(39)	(40)	(1)
Other Grants	-	(41)	(41)
Collection Fund Surplus	(55)	(55)	-
Total Financing	(12,704)	(11,583)	1,121
NET UNDERSPEND FOR YEAR	-	(506)	(506)

Within the Net Service Expenditure there are a number of notional charges that are reversed out in the Financing Adjustments. The two most notable items are:

- Capital charges – re-profiling of the capital programme, depreciation and impairment charges has resulted in increased capital charges of £0.5m.
- £0.3m of various revenue programmes not completed in 2016/17 has been carried forward to 2017/18.

Excluding the above notional charges there is a net underspend of £0.5m for the year. The two most notable items are:

- Increased income from Planning fees and charges £0.4m.
- Reductions in staffing costs due to staff turnover, etc. £0.1m.

Revenue Outturn Position - Housing Revenue Account

The Council's 2016/17 revenue outturn position in respect of its Housing Revenue Account (HRA) is shown in the table below. The original budget set at the Council meeting on 24 February 2016 was to transfer an operating surplus of £4.526m to the HRA Capital Investment

NARRATIVE REPORT

Reserve. Alongside agreeing the HRA Budget, the rents were agreed for tenants. Existing tenants received a 1% reduction in their rents in line with Government requirements. The rents for new tenancies continue to be set in line with target social rents, and Warwick affordable rent for Sayer Court. The original budget set out how the Council planned to allocate its funding during the year in order to deliver its landlord services to its tenants within Warwick District. As the year progressed various amendments were made to work programmes.

In overall terms, the HRA achieved a surplus of £5.599m for the financial year, an increase of £1,073,000 when comparing budgeted (planned) expenditure with actual expenditure.

	Original Budget £000	Actual £000	Variation £000
Expenditure:			
Employees	2,544	2,348	(196)
Premises	7,059	6,030	(1,029)
Transport	107	90	(17)
Supplies and Services	952	558	(394)
Third Party Payments	863	854	(9)
Support Services	3,724	7,891	4,167
Capital Charges	3,171	(33,328)	(36,499)
Total Expenditure	18,420	(15,557)	(33,977)
Income:			
Other Grants and Contributions	(213)	(204)	9
Other Income	(96)	(199)	(103)
Fees and Charges	(706)	(850)	(144)
Rents	(26,574)	(26,585)	(11)
Recharges	(2,952)	(6,421)	(3,469)
Total Income	(30,541)	(34,259)	(3,718)
Net Cost of Services	(12,121)	(49,816)	(37,695)
Adjustments and Appropriations:			
Interest on Balances	(253)	(208)	45
Capital Charges Adjustment	3,002	39,461	36,459
External Interest Paid	4,766	4,766	-
Revenue Contrib. to Capital Outlay	220	104	(116)
Contribution to / (from) Reserves	8	152	144
Increase in HRA Balance	14	14	-
Other Adjustments	(162)	(72)	90
Transfer to HRA Cap. Invest. Res.	4,526	5,599	(1,073)

The main variances relate to:

- £359,000 less doubtful debts provision required.
- £283,000 reduction on repairs and maintenance programme.
- £97,000 reduction in staffing costs.
- £94,000 increased service charges recovered from tenants.

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Treasury Management

On 24 February 2016 the Council approved the Treasury Management Strategy for 2016/17. Treasury management performance is reported to the Executive with further reviews undertaken by the Finance and Audit Committee.

The Department for Communities and Local Government (DCLG) requires Councils to set aside 'prudent' provision for the repayment of debt where they have used borrowing arrangements to finance capital expenditure (historic and current) but allows certain flexibility as to how this is calculated.

Capital

The Council spent £16.7m on its Capital Programme in 2016/17 compared with an updated forecast spend of £21.5m. The Capital Programme was financed through a number of sources including capital receipts, external grants and contributions and revenue contributions. The capital expenditure incurred during the year and financing of this expenditure are shown in the tables below:

HOUSING INVESTMENT PROGRAMME (HIP)	Revised Budget £000	Actual £000	Variation £000
HRA Related HIP:			
New Build / Reprovision of Housing	7,572	6,636	(936)
Improvement / Renewals	4,871	4,069	(802)
Total HRA HIP	12,443	10,705	(1,738)
General Fund Related HIP:			
Private Sector Housing	787	653	(134)
TOTAL HIP	13,230	11,358	(1,872)
Financed By:			
Capital Receipts	(3,471)	(3,211)	260
Capital Grant	(734)	(607)	127
Major Repairs Reserve	(4,564)	(3,964)	600
HRA Capital Investment Reserve	(4,154)	(3,472)	682
Revenue	(307)	(104)	203
Total Financing	(13,230)	(11,358)	1,872

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Other Services Programme	Revised Budget £000	Actual £000	Variation £000
Capital Expenditure:			
Culture	4,072	3,291	(781)
Development Services & Business	1,524	1,086	(438)
Finance	90	114	24
Health & Community Protection	2	2	-
Neighbourhood Services	2,153	584	(1,569)
Strategic Leadership	444	256	(188)
Net Service Expenditure	8,285	5,333	(2,952)
Financed By:			
Internal Borrowing	(3,467)	(2,759)	708
Capital Receipts	(1,500)	(1,093)	407
External Contributions	(1,948)	(783)	1,165
Revenue / Reserves	(1,370)	(698)	672
Total Financing	(8,285)	(5,333)	2,952

The variance between the adjusted forecast capital expenditure and the final outturn for the year was a reduction of £4.82m. Some of this was savings on completed projects but the majority is work not completed in the year. This will require the re-profiling £3.15m of planned expenditure into 2017/18 together with the associated financing. Therefore this does not present any financial issues for the Council.

Non-Financial Performance of the Council 2016/17

Achievements

Although times are challenging for Warwick District Council and the Local Government Sector as a whole, the Council has achieved significant success in its key policy areas. For example:

Health and Wellbeing:

- In November the Council agreed to investment of over £14m in the leisure centres at Newbold Comyn and St Nicholas Park.
- Following a comprehensive procurement process a new operator was selected to run the Council's leisure centres from Summer 2017 which will present the Council with financial savings as well as meeting the cost of the investment in the centres.
- The Green Flag and Green Heritage Awards have been retained for Jephson Gardens, and Warwick Town Council and Leamington Town Council were assisted in achieving the Britain in Bloom Gold Award.

Housing:

- Over 200 new affordable housing completions, including the first 81 council homes built in the district for over two decades at Sayer Court.
- The number of people registered on the HomeChoice scheme fell, from c3,500 at the start of the year to under 2,600 at the end.
- In addition to the council's existing 17 units of temporary accommodation a further 5 units are in the process of being brought on-stream during the coming month which will allow the use of bed and breakfast to be restricted to emergencies only.
- At Station Approach in Royal Leamington Spa building work started on site in September 2016 and the first properties are scheduled for release in 2018. In total, Station Approach will deliver 212 homes of which 75% will be affordable housing.

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Prosperity:

- The 2016 National Women's Aviva Cycle event passed through Kenilworth and Warwick for the first time, providing significant promotion opportunities for these towns. Furthermore, in 2017 stage 3 of the event will be finishing in Royal Leamington Spa Town Centre, which will enable the promotion of the town and provide activities and events to make this a real occasion to be proud of.
- Royal Spa Centre - the venue has enjoyed a successful year attracting over 93,000 visitors in 2016/17 and including one of the most financially successful pantomime seasons ever, with over 22,000 people attending and attracting some of the best feedback ever received.

Safer Communities:

- Continued investment in CCTV led directly to over 520 arrests.
- The Council achieved the Purple Flag for Royal Leamington Spa in September 2016, demonstrating the safety and vibrancy of the night time economy in the town centre.

Sustainability:

- The Council's recycling rate is approximately 56%, which is well ahead of the national target of 50% by 2020.
- The electric vehicles were delivered over the summer 2016 and are being used by nominated officers across the council. This is helping to reduce the council's impact on the local environment.
- Under the Council's Rural and Urban Capital Initiative Scheme 11 grants totalling £114,000 were agreed by Executive in 2016/17 which will help facilities in local communities.

Performance Against Corporate Objectives

As the Council's main strategy documents the Sustainable Community Strategy and Fit For The Future Change Programme play key roles in shaping the performance management framework for the Council. The main objectives are:

- Support all town centres to flourish.
- Support the District's economically disadvantaged residents.
- Adopt a Local Plan that balances the needs of all stakeholders.
- Help to attract inward investment to the District.

They all contribute to the Council's Vision of making Warwick District a great place to live, work and visit.

Each service area produces a Service Area Plan which is approved and reviewed by the Executive.

Corporate Risks

The Council has an embedded process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Significant Business Risk Register plays an integral role to support the Council's activities and is the responsibility of the Executive and is subject to review by the Finance and Audit Scrutiny Committee, alongside all the Service Risk Registers.

Summary Position

It is clear that the Council's financial and non-financial performance in 2016/17 continues to be good.

In 2016/17, the Council has faced and dealt successfully with significant change. This trend will continue and accelerate but the Council is well placed to adapt to the challenges and to

NARRATIVE REPORT

take advantage of the opportunities offered. There are risks as highlighted above, but there are well established and robust risk management processes in place and, together with robust financial management reporting, the Council is in a strong position as it moves into 2017/18.

Content and Format of the Statement of Accounts

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Council and the Chief Finance Officer (Head of Finance).

Core Financial Statements

Comprehensive Income and Expenditure Statement shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax, and other Government grants. The amount funded from Council Tax and Government grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

Movement in Reserves Statement shows the movement in the year 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 reserves. This includes Capital Grants Unapplied Account which are grants received but not yet utilised; Useable Capital Receipts Reserve which holds the balance of receipts from disposals of assets; Major Repairs Reserve holds the balance of funding to support capital spending in the Housing Revenue Account. The 'Surplus or (Deficit) on the 'provision of services' line shows the true economic cost of providing the Council's services, which is shown in more detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

Balance Sheet shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-Current Assets will only become available if the asset is sold and the full value of the asset realised.

Cash Flow Statement shows the changes in the Council's cash and cash equivalents 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 by the recipients of services provided. 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 when predicting claims on future cash flows to the Council by providers of capital, i.e. borrowing.

Supplementary Statements

Expenditure and Funding Analysis – the objective is to demonstrate to council tax and rent payers how the funding to the Council (i.e. 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 the Council in accordance with generally accepted accounting

NARRATIVE REPORT

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

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

Collection Fund is an agent's statement that reflects the statutory obligation of 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 Business Rates and its distribution to precepting bodies. For Warwick, the Council Tax precepting bodies are Warwickshire County Council and the Office of the Police and Crime Commissioner for Warwickshire.

Statement of accounting policies

This summarises the accounting rules and conventions that have been used in preparing these financial statements.

Notes to the core financial statements

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.

Auditor's Report

Auditor's Report gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Main Changes to the Core Statements and Significant Transactions 2016/17

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown on the Balance Sheet have increased by £3.8m during the year, mainly as a result of changes to the financial assumptions used by the pension fund Actuary (Hymans-Robertson). The main change relates to the increase in the discount rate used by the Actuary to discount the future cash flows of the fund. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 35.

Following the "Telling the Story" changes to the CIPFA Code of Practice on Local Authority Accounting 2016/17 a number of amendments have been made to the Council's core financial statements and supporting disclosure notes. This includes a simplified Movement in Reserves Statement and a Comprehensive Income and Expenditure Statement presented in the Council's reporting format where previously the Net Cost of Services has been reported by SeRCOP classification. In line with International Financial Reporting Standards a full retrospective restatement of the 2015/16 Comprehensive Income and Expenditure Statement and Movement in Reserves Statement have been included within the 2016/17 Statement of Accounts. Further details of the restatement between SeRCOP and local reporting formats can be found in Note 6, Prior Year Restatements.

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Receipt of Further Information

If you would like to receive further information about these accounts, please do not hesitate to contact me.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services who have assisted in the preparation of this document. I would also like to thank them for all their support during the financial year.

Mike Snow, C.P.F.A.
Head of Finance
Warwick District Council
P.O. Box 2180
Riverside House
Milverton Hill
Royal Leamington Spa
Warwickshire
CV32 5QW

STATEMENT OF RESPONSIBILITIES

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.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Statement of Accounts approved at the Finance and Audit Scrutiny Committee meeting held on 30 August 2017.

Chair of the Meeting
Councillor Barrott

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the C.I.P.F.A. / L.A.S.A.A.C. Code of Practice on Local Authority Accounting in the United Kingdom (the Code):

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

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the local authority Code.

The Head of Finance has also:

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

I certify, that to the best of my knowledge and belief, the Statement of Accounts presents a true and fair view of the financial position of Warwick District Council at 31 March 2017 and its income and expenditure in the year ended 31 March 2017.

17 August 2017

Mike Snow C.P.F.A.
Head of Finance
Warwick District Council
P.O. Box 2180
Riverside House
Milverton Hill
Royal Leamington Spa
Warwickshire
CV32 5QW

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis is not a primary statement but a note to the accounts. This note is required to be given due prominence in the accounts and has, consequently, been placed before the Comprehensive Income and Expenditure Statement.

	2016/17				
Portfolio:	As Reported for resource management	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Cultural Services	4,017	(1,166)	2,851	1,166	4,017
Development Services & Business	2,642	(956)	1,686	956	2,642
Finance	2,025	226	2,251	(226)	2,025
Health & Community Protection	2,691	(615)	2,076	615	2,691
Housing & Property Services	1,526	(828)	698	1,010	1,708
Housing Revenue Account	(49,816)	42,888	(6,928)	(42,888)	(49,816)
Neighbourhood Services	3,437	(366)	3,071	366	3,437
Strategic Leadership	1,392	68	1,460	(68)	1,392
Net Costs of Services	(32,086)	39,251	7,165	(39,069)	(31,904)
Other Income and Expenditure	(11,867)	5,010	(6,857)	(5,192)	(12,049)
(Surplus) or Deficit	(43,953)	44,261	308	(44,261)	(43,953)
Opening General Fund and HRA Balance			(42,291)		
Less / Plus Surplus / (Deficit) on General Fund and HRA Balance in Year			308		
Closing General Fund and HRA Balance at 31 March *			(41,983)		

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

	2015/16				
Portfolio:	As Reported for Resource Management	Adjustment to arrive at the net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Cultural Services	5,530	(2,929)	2,601	2,929	5,530
Development Services & Business	1,901	(598)	1,303	598	1,901
Finance	2,012	1,700	3,712	(1,700)	2,012
Health & Community Protection	3,059	(928)	2,131	928	3,059
Housing & Property Services	396	457	853	(288)	565
Housing Revenue Account	(31,763)	27,975	(3,788)	(27,975)	(31,763)
Neighbourhood Services	4,666	(1,836)	2,830	1,836	4,666
Strategic Leadership	1,602	(369)	1,233	369	1,602
Net Costs of Services	(12,597)	23,472	10,875	(23,303)	(12,428)
Other Income and Expenditure	(12,878)	1,815	(11,063)	(1,984)	(13,047)
(Surplus) or Deficit	(25,475)	25,287	(188)	(25,287)	(25,475)
Opening General Fund and HRA Balance			(42,103)		
Less / Plus Surplus / (Deficit) on General Fund and HRA Balance in Year			(188)		
Closing General Fund and HRA Balance at 31 March *			(42,291)		

* For a split of this balance between the General Fund and the HRA - see the Movement in Reserves Statement

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 (Restated)			Portfolio:			2016/17		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000				Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
9,004	(3,474)	5,530	Cultural Services			7,438	(3,421)	4,017
5,243	(3,342)	1,901	Development Services & Business			5,406	(2,764)	2,642
33,851	(31,839)	2,012	Finance			32,114	(30,089)	2,025
3,676	(617)	3,059	Health & Community Protection			3,307	(616)	2,691
1,828	(1,263)	565	Housing & Property Services			2,911	(1,203)	1,708
(3,692)	(28,071)	(31,763)	Housing Revenue Account			(21,978)	(27,838)	(49,816)
10,881	(6,215)	4,666	Neighbourhood Services			9,514	(6,077)	3,437
2,131	(529)	1,602	Strategic Leadership			2,004	(612)	1,392
62,922	(75,350)	(12,428)	Cost of Services - continuing operations			40,716	(72,620)	(31,904)
2,211	(527)	1,684	Other Operating Income and Expenditure	11		2,276	(1,762)	514
6,605	(3,982)	2,623	Financing and Investment Income and Expenditure	12		6,456	(1,152)	5,304
-	(17,354)	(17,354)	Taxation and Non-Specific Grant Income and Expenditure	13		-	(17,867)	(17,867)
		(25,475)	(Surplus) or Deficit on Provision of Services					(43,953)
			Other Comprehensive Income and Expenditure:					
		(17,405)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment assets	23				(21,683)
		17	Surplus or deficit on revaluation of available for sale financial assets	23				(15)
		(13,874)	Remeasurement of the net defined benefit liability / (asset)	23				2,060
		(31,262)	Other Comprehensive Income and Expenditure					(19,638)
		(56,737)	Total Comprehensive Income and Expenditure					(63,591)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipt Reserves £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
2015/16 (Restated)								
Balance at 31 March 2015	19,090	23,013	5,584	2,599	1,067	51,353	163,270	214,623
Movement in reserves during 2015/16								
Total Comprehensive Income and Expenditure	(2,097)	27,572	-	-	-	25,475	31,262	56,737
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 9)	3,063	(28,350)	1,372	2,012	(85)	(21,988)	21,988	-
Increase / (Decrease) in 2015/16	966	(778)	1,372	2,012	(85)	3,487	53,250	56,737
Balance at 31 March 2016 carried forward	20,056	22,235	6,956	4,611	982	54,840	216,520	271,360
2016/17								
Balance at 31 March 2016	20,056	22,235	6,956	4,611	982	54,840	216,520	271,360
Movement in reserves during 2016/17								
Total Comprehensive Income and Expenditure	(2,969)	46,922	-	-	-	43,953	19,638	63,591
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 9)	288	(44,549)	(270)	2,171	(481)	(42,841)	42,841	-
Increase / (Decrease) in 2016/17	(2,681)	2,373	(270)	2,171	(481)	1,112	62,479	63,591
Balance at 31 March 2017 carried forward	17,375	24,608	6,686	6,782	501	55,952	278,999	334,951

BALANCE SHEET

These financial statements replace the unaudited financial statements certified by the Head of Finance on 5 June 2017.

31 March 2016 £'000		Notes	31 March 2017 £'000
	Operational Assets:		
369,905	Property, Plant and Equipment	14	435,019
8,255	Heritage Assets	15	8,271
11,477	Investment Properties	16	11,425
47	Intangible Assets		46
862	Long Term Debtors	17	866
390,546	LONG TERM ASSETS		455,627
31,361	Short Term Investments	17	35,695
796	Assets Held for Sale	18	122
25	Inventories		16
4,224	Short Term Debtors	19	4,286
29,463	Cash and Cash Equivalents	20	35,758
65,869	CURRENT ASSETS		75,877
(8,280)	Short Term Creditors	21	(16,140)
(1,084)	Provision Liabilities payable in less than 1 year	22	(2,819)
(9,364)	CURRENT LIABILITIES		(18,959)
(3,707)	Provision Liabilities payable in more than 1 year	22	(1,482)
(136,209)	Long Term Borrowing	17	(136,209)
(12)	Other Long Term Liabilities	17	(79)
(1,596)	Capital External Grants/Contributions in Advance	30	(1,886)
(34,167)	Net Pensions Liability	35	(37,938)
(175,691)	LONG TERM LIABILITIES		(177,594)
271,360	NET ASSETS		334,951
54,840	Usable Reserves		55,952
216,520	Unusable Reserves	23	278,999
271,360	TOTAL RESERVES		334,951

CASH FLOW STATEMENT

2015/16 £'000		Notes	2016/17 £'000
(25,475)	Net (Surplus) or deficit on the provision of services		(43,953)
7,737	Adjust net (surplus) or deficit on the provision of services for noncash movements	24	20,158
5,145	Adjust for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	24	5,703
(12,593)	Net cash flows from Operating Activities		(18,092)
6,410	Investing Activities	25	10,486
34	Financing Activities	26	1,311
(6,149)	Net (increase) or decrease in cash and cash equivalents		(6,295)
(23,314)	Cash and cash equivalents at the beginning of the reporting period		(29,463)
(29,463)	Cash and cash equivalents at the end of the reporting period		(35,758)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

General Principles

The content, layout and general rules used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2016/17 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

Accruals of Income and Expenditure

Income is recorded when the debt has been established rather than when the money has been received. Similarly, expenditure is recorded when it is owed rather than when the payment is made. Where income and expenditure have been recognised but cash has not been received / paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

Exceptions to the above rule include items paid for on an annual or periodic basis (e.g. subscriptions, insurance premiums, etc.) where the accounts still show an annual equivalent cost. Housing benefit payments are paid every four weeks. Where a payment run spans the yearend it is accounted for in the year that it is included in the Government's annual Housing Benefit Subsidy claim so that income and expenditure are recorded in the same period. It is not expected that these exceptions are material to the overall accounting position.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, on demand deposits and short-term investments which are readily convertible to cash.

Charges to Revenue for Non-current Assets

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

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

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

Council Tax and Non-Domestic Rates

The Council, as a billing authority, acts as an agent collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as a principal, collecting council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative

NOTES TO THE ACCOUNTS

framework, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Employee Benefits

Benefits Payable During Employment

The accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them by 31 March each year even if the Council would never normally pay them, such as annual leave and time-off in lieu not taken at the year end. These are accrued for and shown in the net cost of services in the Comprehensive Income and Expenditure Statement.

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. Termination benefits are recognised immediately as an expense to the service in the Comprehensive Income and Expenditure Statement as the earlier of when the Council can no longer withdraw the offer or when it recognises the cost of a restructuring.

Local Government Pension Scheme

As part of the terms and conditions of employment the Council offers retirement benefits. Although these benefits will not actually be payable until the employee retires the Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement at the time that employees earn their future entitlement.

The Council's employees are members of the Local Government Pension Scheme which provides them with pensions and other benefits related to their pay and length of service. Details of this scheme, the accounting policies and impact on the financial statements are shown in note 35.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the final Statement of Accounts is authorised for issue in August.

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

NOTES TO THE ACCOUNTS

Fair Value

The Council values its assets at fair value. This is defined as 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. In 2016/17 fair value affects only non-operational property, plant and equipment classified as surplus assets and financial instruments.

The Council uses appropriate valuation techniques, maximising the use of relevant known data and thereby minimising the use of estimates and reducing subjective or uncertain valuations.

The Council assesses the level of uncertainty in its valuations by assigning its assets into three categories:

- Level 1 – quoted prices of identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable, either directly or indirectly;
- Level 3 – unobservable inputs.

Financial Instruments

Financial instruments are contracts that give rise to a financial asset or financial liability and these are represented by loans and receivables, long-term debtors and creditors, and are carried in the Balance Sheet at amortised cost.

Loans and receivables are subsequently measured at their amortised cost. For 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.

Any loans made by the Council at less than market rates are called "soft loans". It has been determined that the few "soft" loans that the Council has e.g. car loans to employees or loans to private householders for disabled adaptations require no adjustment to the accounts as they are de-minimis.

Foreign Currency Translation

Transactions denominated in a foreign currency are converted into sterling at the exchange rate applicable on the date the transaction was effective.

Government Grants and Contributions

Grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised in the Comprehensive Income and Expenditure Statement as income, except where the grantor contribution has conditions that have not been satisfied. General Grants and contributions (e.g. the Revenue Support Grant) are included in the Comprehensive Income and Expenditure Statement as Non-ring-fenced government grants. Specific grants and contributions are included as income for the relevant service area.

Where a grant or contribution has conditions outstanding at the Balance Sheet date the grant is held either as a receipt in advance, if not fulfilling the conditions would result in the return of the grant, or as an earmarked reserve. Capital grants credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund Balance in the Movement in Reserves Statement. Unapplied grant is posted to the Capital Grants Unapplied Reserve; applied grant is posted to the Capital Adjustment Account.

NOTES TO THE ACCOUNTS

Heritage Assets

All the Council's heritage assets are held due to their cultural, environmental or historical associations making their preservation for future generations important.

Where the Council has information on the cost or value of heritage assets, these assets are recognised on the Balance Sheet.

Except for those items of low value where an internally agreed nominal value of £50 is applied, Heritage Assets are recognised and measured at valuations made by an appropriately qualified valuer.

Intangible Assets

Intangible Assets refers to expenditure above the capital de-minimis limit of £20,000 on non-monetary assets that do not have physical substance but are controlled by the Council, e.g. software licences.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets 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. Where a finite life can be identified, the depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. If no finite life can be identified, the asset is held on the balance sheet at its original value, subject to an annual impairment review. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses are posted to the service lines in the Comprehensive Income and Expenditure Statement. Gains or losses arising on the disposal or abandonment of an intangible asset are 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 reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interest Charges

Interest is credited to the Housing Revenue Account in respect of its revenue, capital and reserve balances during the year. This is calculated using the actual external investment rate. All remaining interest income is credited to the General Fund Revenue Account.

Inventories and long-term contracts

Inventories are materials or supplies that will be consumed in producing goods or services. Stocks are valued at the cost the Council paid for them. This method of valuing stocks is different from the method set out by the CIPFA Code. This does not have a major effect on the financial statements.

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

Investment Property

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

NOTES TO THE ACCOUNTS

Investment properties are measured initially at cost and subsequently at fair value i.e. market value. Properties are not depreciated but, using the latest rental values applicable to each property, are revalued regularly in accordance with the Council's revaluation policies and are tested annually for impairments. Revaluation gains and losses 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.

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

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the asset to 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 fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services using the leased asset. Charges are made on a straight-line basis over the life of the lease.

The Council as Lessor

It has been determined that all leases where the Council is the lessor are operating leases and are accounted for as described in the following paragraph.

NOTES TO THE ACCOUNTS

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease. Where identifiable, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

Property, Plant and Equipment

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

Recognition

In 2016/17 the Council had a de-minimis limit of £20,000 in relation to capital expenditure on land and buildings and a de-minimis limit of £5,000 on plant or equipment. Expenditure above these limits on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure below the de-minimis limit or that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense as it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

NOTES TO THE ACCOUNTS

Assets are then carried in the Balance Sheet using the following measurement bases: Operational assets have been valued on the basis of either open market value for existing use, depreciated replacement cost or in the case of equipment, vehicles and plant, historical cost. Any additions or enhancements during 2016/17 which have not been the subject of a valuation are included at historical cost.

Non-operational assets, including investment property, have been valued at open market value which under IFRS 13 is considered to be equal to fair value. The accrued cost of work in progress for capital schemes is also included with non-operational assets. The Council records its Community Assets (e.g. land and buildings purchased for the benefit of the community and with little or no prospect of ever being disposed of) and Infrastructure Assets (e.g. Flood Alleviation Works) at historical cost.

General Fund property values in the Balance Sheet are based on 1st April 2015, 1st April 2016 or 31st March 2017 valuations. Housing Revenue Account property values are based on 1st April 2017 valuations.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Also gains may be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

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

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

Impairment

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

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

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

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

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

The Council's housing stock is valued annually on an Existing Use – Social Housing (EUV-SH) basis which is defined as the value that a property, if sold, would sell for assuming that it continued to be used for social housing purposes.

NOTES TO THE ACCOUNTS

Depreciation

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

Depreciation is calculated on the following bases:

Asset Type	Depreciation Method	Period of Years
General Fund Buildings	Straight Line	5 to 55 years
Infrastructure	Straight Line	40 years
Community Assets	Straight Line	Up to 100 years
Heritage Assets – Buildings	Straight Line	Up to 80 years
Surplus Assets	Straight Line	5 to 10 years
Vehicles, Plant, Furniture and Equipment	Straight Line	3 to 21 years
Council Houses	Straight Line	Up to 90 years
HRA Shops, Community Centres etc.	Straight Line	25 to 55 years
HRA Garages	Straight Line	5 years

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

For this Council the de minimis threshold will be a Current Net Book Value of £500,000 or greater. Individual items of Property, Plant and Equipment below this level will not be assessed for componentisation on the grounds that the difference in depreciation will be limited.

The Council is required to assess its assets for components when either the asset is first acquired or when it has capital expenditure incurred upon it or when the asset has been revalued.

The Council revalues its General Fund assets in entirety once every five years and thereafter on a one-fifth annual rolling basis and as each fifth comes up for valuation each asset within that tranche where the Current Net Book Value is £500,000 or greater will be assessed for component depreciation and if there is a material increase in depreciation when compared with depreciation charged on the whole asset then that asset will be accounted for and depreciated based on its separate components.

For the first five years of the Self Financing regime of which 2016/17 is the final year, depreciation on Council Housing stock continues on the existing basis i.e. the use of the Major Repairs Allowance allocation for the year where that is a reasonable proxy for depreciation. The rest of the assets in the Housing Revenue Account e.g. shops, garages, offices etc. each asset have their components separately depreciated but only where there is likely to be a significant change to the depreciation levied on the whole asset.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before

NOTES TO THE ACCOUNTS

reclassification and then carried at the lower of this amount and fair value i.e. market value, less costs to sell. Depreciation is not charged on Assets Held for Sale. In respect of the HRA, those council houses in the process of being sold at 31st March 2017 have been transferred to the HRA Assets Held For sale account.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as Held for Sale.

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

Amounts received for a disposal in excess of the £10,000 capital receipts de-minimis limit are categorised as capital receipts. Under the Self Financing regime receipts relating to housing disposals are shared between the Council and Government. The Council's share of the receipt is required to be credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Provisions and Contingent Liabilities

Provisions

The Council puts amounts of money aside to meet specific service payments. For these to count as provisions, they need to pass three tests:

- They must be the result of a past event;
- A reliable estimate can be made;
- There must be a clear responsibility to make this future payment because of the past event.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council becomes aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement. When payments are made they are charged to the provision already set up in the Balance Sheet.

Contingent Liabilities

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

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

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

NOTES TO THE ACCOUNTS

Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The relevant amount from 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, retirement and employee benefits and do not represent usable resources for the Council.

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, e.g. Disabled Facilities Grants, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. 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 amounts charged so that there is no impact on the level of council tax.

Value Added Tax

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. The Council is subject to Partial Exemption. This means that, as long as the VAT the Council claims on purchases used to generate exempt incomes is less than 5% of all VAT claimed on purchases in the year, the Council can claim all of its VAT back in full.

Investments

Investments are recorded at original cost including broker's commission and other attributable expenses, with the exception of some Certificate of Deposit investments which are valued on a mid-price basis at 31st March 2017.

2. Accounting Standards that have been Issued but have not yet been adopted

For 2016/17 the following accounting policy changes that need to be reported relate to:

- Amendment to the reporting of pension fund scheme transaction costs
- Amendment to the reporting of investment concentration.

It is not expected that any of the above amendments will have a material impact on the information 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:

- Uncertainty around future funding levels is not yet sufficient to provide an indication that assets of the Council might be impaired as a result of the need to close facilities and reduce levels of service provision.
- The Council has entered into joint ventures with PSP Warwick LLP and Waterloo Housing Association. An assessment has been undertaken of the relationship with

NOTES TO THE ACCOUNTS

these parties. There is a group relationship with PSP Warwick LLP but transactions during 2016/17 were not considered material for the Council and group accounts have not been prepared on this basis. There was no group relationship with Waterloo Housing Association.

- All of the Council's Surplus Property Assets and Investment Properties were revalued in 2015/16 with a further revaluation of some of the Investment Properties in 2016/17 and as such it is considered that for the purposes of IFRS13, the carrying value is equal to Fair Value under that standard. For those properties where the new value was set with reference to rent reviews relating to that particular property it is considered that this equates to a level 1 input. The rest of the properties were revalued using direct observation of the passing rents on similar properties within the local property market and this also equates to a level 1 input.
- The balance sheet values for the Council's housing stock and other Housing Revenue Account non-current assets, with the exception of equipment and work in progress, are based on a valuation date of 1st April 2017 as these assets are revalued every year for HRA business plan purposes. This valuation date is treated as a proxy for 31st March in order to show the latest up to date values in the balance sheet. The Council is not aware of any event, economic or otherwise that would have materially affected the 1st April 2017 valuation such as to make it inappropriate to use as a proxy for 31st March 2017.

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 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on capital enhancements and repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £249k for every year that the useful lives had to be reduced.</p>
Provisions	The Council has made provisions for insurance cover in respect of outstanding claims from the public and HRA tenants. The extent of the provisions relates to the excess	An increase over the forthcoming year of 10% in settlements would have the effect of adding £282,000 to the provisions needed.

NOTES TO THE ACCOUNTS

on existing claims as at 31 March 2017 where such excesses have been negotiated when agreeing premiums. A provision has also been established to cover the possible refund of personal search fees in respect of local land charges. Following the introduction of the retention of business rates scheme new provisions have been created to provide for the potential successful appeals against rateable values.

Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The Pensions actuary will set the employer's pension contribution rates to ensure that pension liabilities are met.</p>
Arrears	<p>At 31 March 2017, the Council had a balance of arrears of Housing Rents, Council Tax and other sundry debtors for £5.31m. A review of the above suggested that an impairment of doubtful debts of 43.0% (£2.28m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £2.28m to be set aside as an allowance.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price supported by a professional valuation.

5. Events After the Reporting Period

The Statement of Accounts was re-authorised for issue by the Head of Finance on 17 August 2017. 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 2017, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Council does not invest directly in equity shares but from 2017/18 the Council will be investing in Corporate Equity Funds and any year end price fluctuations in these funds will be managed through the use of the Financial Instruments Available For Sale Reserve thus ensuring no impact on the General Fund. The Council will also establish a reserve financed from the additional investment interest that these vehicles are expected to generate.

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Initially this reserve will be used to finance any losses resulting from premature redemptions within the fund thus reducing the impact on the General Fund although the Council's policy will be to retain its investments in such funds for at least 5 years in order to achieve the optimum investment returns and minimising the risk to the capital value from stock market price falls. The Financial Instruments Available For Sale Reserve is due for abolition in 2018/19 and any year end price fluctuations from then on will need to be charged to the General Fund. It is intended that this new reserve will also manage these to ensure the minimum impact on the General Fund.

The tragic fire that recently occurred at Grenfell Tower in London, the severity of which has been attributed to the type of material with which the building had been clad, has raised the question as to whether any of this Council's high and medium rise blocks of flats are clad with a similar material and whether this would have a material impact on the value of the Housing Stock in the Balance Sheet which is £11.972m on a EUV-SH basis.

The Council has 7 high rise and 2 medium rise blocks of which 5 are clad. The cladding has been inspected and is not of the type used on Grenfell Tower. Various fire prevention improvement works have been identified which are being carried out in the near term and will be in place by the end of 2017/18.

The Council's valuers, Carter Jonas, have been asked for their opinion on whether the value stated in the Balance Sheet should be adjusted in any way to reflect the consequences of this issue and their view is that in the short term there may be an immediate drop in the value of all high rise flats due to a loss in confidence by prospective purchasers but that as more blocks have their safety confirmed and confidence returns to the market they would expect values to recover. In their view this, coupled with the facts that a) the Council's blocks are not clad with the suspect material and b) the fire prevention works that are being carried out, will restore the value of the Council's stock to the current valuation shown in the Balance Sheet during 2017/18 and therefore no impairment needs to be recognised.

6. **Prior Year Restatements**

Comprehensive Income and Expenditure Statement

Expenditure on services and income relating to or derived from those services is classified in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Local Authority Accounting in the UK. The 2016/17 Code requires that authorities present expenditure and income on services on the basis of its reportable segments. These reportable segments are based on the authority's internal management reporting structure. This is a change from the previous requirement to present expenditure and income in accordance with the Service Expenditure Code of Practice (SERCOP). This note shows how the 2015/16 net expenditure and income has been restated:

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	Central Services to the Public £'000	Cultural and Related Services £'000	Environmental & Regulatory Services £'000	Planning Services £'000	Highways & Transport Services £'000	Local Authority Housing (HRA) £'000	Other Housing Services £'000	Corporate & Democratic Core £'000	Non-Distributed Costs £'000	Support Services £'000	Cost of Services £'000
GROSS EXPENDITURE											
Cultural Services	-	7,844	-	-	-	-	-	-	-	1,160	9,004
Development Services & Business	214	726	-	4,207	96	-	-	-	-	-	5,243
Finance	1,886	56	-	45	-	-	31,017	795	52	-	33,851
Health & Community Protection	-	-	2,174	1,502	-	-	-	-	-	-	3,676
Housing & Property Services	-	-	659	5	196	-	2,388	-	-	(1,420)	1,828
Housing Revenue Account	-	-	-	-	-	(3,790)	-	73	25	-	(3,692)
Neighbourhood Services	-	3,179	5,806	-	1,896	-	-	-	-	-	10,881
Strategic Leadership	903	-	-	83	41	-	-	1,080	-	24	2,131
Reallocation of Support Services	(11)	(44)	(32)	(22)	(8)	-	(111)	(7)	(1)	236	-
TOTAL GROSS EXPENDITURE	2,992	11,761	8,607	5,820	2,221	(3,790)	33,294	1,941	76	-	62,922
GROSS INCOME											
Cultural Services	-	(3,474)	-	-	-	-	-	-	-	-	(3,474)
Development Services & Business	(316)	(236)	-	(2,743)	(47)	-	-	-	-	-	(3,342)
Finance	(775)	-	-	-	-	-	(30,946)	(118)	-	-	(31,839)
Health & Community Protection	-	-	(499)	(118)	-	-	-	-	-	-	(617)
Housing & Property Services	-	-	(77)	(2)	-	-	(1,184)	-	-	-	(1,263)
Housing Revenue Account	-	-	-	-	-	(28,071)	-	-	-	-	(28,071)
Neighbourhood Services	-	(1,023)	(2,019)	-	(3,173)	-	-	-	-	-	(6,215)
Strategic Leadership	(417)	-	-	(7)	(48)	-	-	(57)	-	-	(529)
TOTAL GROSS INCOME	(1,508)	(4,733)	(2,595)	(2,870)	(3,268)	(28,071)	(32,130)	(175)	-	-	(75,350)
NET EXPENDITURE / (INCOME)											
Cultural Services	-	4,370	-	-	-	-	-	-	-	1,160	5,530
Development Services & Business	(102)	490	-	1,464	49	-	-	-	-	-	1,901
Finance	1,111	56	-	45	-	-	71	677	52	-	2,012
Health & Community Protection	-	-	1,675	1,384	-	-	-	-	-	-	3,059
Housing & Property Services	-	-	582	3	196	-	1,204	-	-	(1,420)	565
Housing Revenue Account	-	-	-	-	-	(31,861)	-	73	25	-	(31,763)
Neighbourhood Services	-	2,156	3,787	-	(1,277)	-	-	-	-	-	4,666
Strategic Leadership	486	-	-	76	(7)	-	-	1,023	-	24	1,602
Reallocation of Support Services	(11)	(44)	(32)	(22)	(8)	-	(111)	(7)	(1)	236	-
TOTAL NET EXPENDITURE / (INCOME)	1,484	7,028	6,012	2,950	(1,047)	(31,861)	1,164	1,766	76	-	(12,428)

NOTES TO THE ACCOUNTS

Movement in Reserves Statements

The CIPFA Code of Local Authority Accounting in the UK 2016/17 requires the total General Fund Balance and total Housing Revenue Account Balance be presented. In the past, it was recommended that Earmarked General Fund Reserves and Earmarked Housing Revenue Account Reserves be separately presented. The 2015/16 Movement in Reserves Statement has been restated for this change.

	General Fund Balance as previously stated £'000	Earmarked General Fund Reserves as previously stated £'000	General Fund Balance Restated £'000	Housing Revenue Account Balance as previously stated £'000	Housing Revenue Account Reserves as previously stated £'000	Housing Revenue Account Balance Restated £'000
2015/16 (Restated)						
Balance at 31 March 2015	2,104	16,986	19,090	1,353	21,660	23,013
Movement in reserves during 2015/16						
Total Comprehensive Income and Expenditure	(2,097)	-	(2,097)	27,572	-	27,572
Adjustments from income & expenditure charged under the accounting basis to the funding basis (see note 10)	3,063	-	3,063	(28,350)	-	(28,350)
Increase / (Decrease) before transfers to Earmarked Reserves	966	-	966	(778)	-	(778)
Transfer to from earmarked funds	(1,260)	1,260	-	811	(811)	-
Balance at 31 March 2016 carried forward	1,810	18,246	20,056	1,386	20,849	22,235

Note 19 Debtors

In the Statement of Accounts 2015/16 debtors and bad debt provisions were shown separately. The Code of Practice requires the debtors to be shown net of any bad debt provisions. The 2015/16 position has been restated as follows:

	31 March 2016 £000	Bad Debts Provisions £000	Restated 31 March 2016 £000
Debtors:			
Central Government Bodies	1,090	-	1,090
Other Local Authorities	515	(8)	507
NHS Bodies	2	-	2
Other Entities and Individuals	4,804	(2,179)	2,625
TOTAL DEBTORS	6,411	(2,187)	4,224
Bad Debt Provisions:			
Council Tax Payers	(93)	93	-
Business Rate Payers	(200)	200	-
Housing Tenants	(883)	883	-
Housing Benefits - Rent Allowances	(815)	815	-
Other Debtors	(196)	196	-
TOTAL BAD DEBT PROVISIONS	(2,187)	2,187	-
NET SHORT TERM DEBTORS	4,224	-	4,224

NOTES TO THE ACCOUNTS

7. Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2016/17				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustment (Note 2)	Other Adjustments (Note 3)	Total Adjustments (Note 3)
	£000	£000	£000	£000
Cultural Services	(1,033)	(137)	4	(1,166)
Development Services & Business	(817)	(141)	2	(956)
Finance	(52)	281	(3)	226
Health & Community Protection	(516)	(99)	-	(615)
Housing & Property Services	(918)	(89)	(3)	(1,010)
Housing Revenue Account	42,960	(67)	(5)	42,888
Neighbourhood Services	(252)	(111)	(3)	(366)
Strategic Leadership	213	(146)	1	68
Net Cost Of Services	39,585	(509)	(7)	39,069
Other income and expenditure from the Expenditure and Funding Analysis	1,649	(1,202)	4,745	5,192
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	41,234	(1,711)	4,738	44,261

Adjustments between Funding and Accounting Basis 2015/16				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Accounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustment (Note 2)	Other Adjustments (Note 3)	Total Adjustments (Note 3)
	£000	£000	£000	£000
Cultural Services	(2,674)	(238)	(17)	(2,929)
Development Services & Business	(335)	(269)	6	(598)
Finance	1,356	320	24	1,700
Health & Community Protection	(746)	(182)	-	(928)
Housing & Property Services	437	(141)	161	457
Housing Revenue Account	28,133	(150)	(8)	27,975
Neighbourhood Services	(1,639)	(198)	1	(1,836)
Strategic Leadership	(89)	(281)	1	(369)
Net Cost Of Services	24,443	(1,139)	168	23,472
Other income and expenditure from the Expenditure and Funding Analysis	2,462	(1,471)	824	1,815
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	26,905	(2,610)	992	25,287

Adjustments for Capital Purposes

- Adjustments for capital purposes – this column adds depreciation and impairment and revaluation gains and losses in the service line, and for:
 - Other operating expenditure** – adjusts for capital disposals with a transfer of income on the 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

NOTES TO THE ACCOUNTS

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 Changes for the Pensions Adjustments

- 2 Net changes 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 Council 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 Comprehensive Income and Expenditure Statement.

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 receivable 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.

NOTES TO THE ACCOUNTS

Segmental Income

Income received on a segmental basis is analysed below:

Portfolio	2016/17 Income from Services £000	2015/16 Income from Services £000
Culture	3,422	3,715
Development Services & Business	2,748	2,938
Finance	459	627
Health & Community Protection	616	637
Housing & Property Services	1,173	2,034
Housing Revenue Account	27,838	28,070
Neighbourhood	6,077	6,551
Strategic Leadership	578	581
Total income analysed on a segmental basis	42,911	45,153

8. Expenditure and Income Analysed by Nature

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

Expenditure / Income	2016/17 £000	2015/16 £000
Expenditure		
Employee benefits expenses	1,711	2,745
Other services expenses	69,888	70,322
Depreciation, amortisation and impairment	(29,190)	(10,501)
Interest payments	4,767	4,767
Precepts and Levies	1,306	1,233
Payments to Housing Capital Receipts Pool	970	978
Total Expenditure	49,452	69,544
Income		
Fees, charges and other service income	(42,911)	(45,153)
Gain on the disposal of assets	(1,762)	(527)
Interest and investment income	(536)	(528)
Income from Council Tax and Business Rates	(12,976)	(11,483)
Government grants and contributions	(35,220)	(37,328)
Total Income	(93,405)	(95,019)
Surplus or Deficit on the Provision of Services	(43,953)	(25,475)

NOTES TO THE ACCOUNTS

9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to 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 Balance 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. However, the balance is not available to be applied to funding Housing Revenue Account services.

Housing Revenue Account Balance

The Housing Revenue Account Balance contains the balance of income and expenditure as defined by the Part VI of the Local Government and Housing Act 1989 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

Each year an amount equivalent to the depreciation charge on HRA assets is transferred into this reserve along with an adjustment to make the overall transfer for dwellings equal to the Major Repairs Allowance set out in the Self Financing determination. This reserve can be used to fund capital expenditure to help maintain or improve HRA assets, or repay HRA debt.

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.

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.

NOTES TO THE ACCOUNTS

2016/17

	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to the 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)	(1,485)	(226)	-	-	-
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	4,744	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	(1)	(5)	-	-	-
■ 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)	(3,275)	30,146	-	-	481
Total Adjustments to the Revenue Account	(17)	29,915	-	-	481
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	5,003	(5,003)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(969)	-	969	-	-
Posting of HRA resources from Revenue to the Major Repairs Reserve	-	6,135	-	(6,135)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	698	3,496	-	-	-
Total Adjustments between Revenue and Capital Resources	(271)	14,634	(4,034)	(6,135)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	4,304	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	3,964	-
Total Adjustments to Capital Resources	-	-	4,304	3,964	-
Total Adjustments	(288)	44,549	270	(2,171)	481

NOTES TO THE ACCOUNTS

2015/16

	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipt Reserves £000	Major Repairs Reserve £000	Capital Grants Unapplied £000
Adjustments to the 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)	(2,286)	(324)	-	-	-
■ Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	133	-	-	-	-
■ Holiday pay (transferred to / (from) the Accumulated Absences Reserve)	7	(8)	-	-	-
■ 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)	(1,879)	12,227	-	-	85
Total Adjustments to the Revenue Account	(4,025)	11,895	-	-	85
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	482	4,008	(4,490)	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(977)	-	977	-	-
Posting of HRA resources from Revenue to the Major Repairs Reserve	-	5,886	-	(5,886)	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,457	6,561	-	-	-
Total Adjustments between Revenue and Capital Resources	962	16,455	(3,513)	(5,886)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	2,141	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	3,874	-
Total Adjustments to Capital Resources	-	-	2,141	3,874	-
Total Adjustments	(3,063)	28,350	(1,372)	(2,012)	85

NOTES TO THE ACCOUNTS

10. Movements In Earmarked Reserves

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 2016/17.

	Balance at 1 April 2015 £'000	Transfers Out 2015/16 £'000	Transfers In 2015/16 £'000	Balance at 31 March 2016 £'000	Transfers Out 2016/17 £'000	Transfers In 2016/17 £'000	Balance at 31 March 2017 £'000
General Fund:							
Art Fund Reserve	64	-	3	67	-	4	71
Art Gallery Gift Reserve	57	-	-	57	-	-	57
Building Control Reserve	293	(44)	-	249	(20)	-	229
Business Rate Retention Volatility Res	3,402	(49)	-	3,353	(3,658)	750	445
Capital Investment Reserve	3,551	(1,325)	821	3,047	(1,532)	318	1,833
Car Parks Repairs & Maintenance Reserve	219	-	286	505	(38)	323	790
Cemetery Land Purchase Reserve	-	-	-	-	-	3	3
Community Forums Reserve	136	(17)	-	119	(48)	-	71
Corporate Assets Reserve	1,338	(66)	570	1,842	(38)	575	2,379
Covent Garden Multi Storey Reserve	-	-	900	900	-	-	900
Earmarked Balances Reserve	639	(639)	381	381	(381)	288	288
Election Expenses Reserve	95	(80)	-	15	-	30	45
Energy Management Reserve	98	-	5	103	-	5	108
Enterprise Projects Reserve	21	-	38	59	-	23	82
Equipment Renewals Reserve	456	-	374	830	(48)	-	782
G M Commuted Sums Reserve	282	(78)	334	538	(97)	107	548
GF Early Retirements Reserve	85	(82)	100	103	(217)	147	33
Gym Equipment Replacement Reserve	94	(1)	30	123	(123)	-	-
Hill Close Gardens Reserve	-	-	80	80	(20)	-	60
ICT Replacement Reserve	1,029	(167)	3	865	(358)	-	507
Insurance Reserve	322	-	-	322	(30)	-	292
Leisure Options Reserve	-	-	-	-	(383)	2,440	2,057
Local Plan Delivery Reserve	237	(84)	-	153	(4)	-	149
Planning Appeal Reserve	514	(154)	204	564	(244)	150	470
Public Amenity Reserve	838	(90)	-	748	(209)	-	539
Public Open Space Planning Gain Reserve	350	-	576	926	(251)	283	958
Rent Bond Scheme Reserve	22	-	-	22	-	-	22
Revenue Grants / Contributions Received in Advance	852	(125)	47	774	(107)	53	720
Right to Bid Reserve	20	-	-	20	-	-	20
Right to Challenge Reserve	26	-	-	26	-	-	26
Riverside House Maintenance Reserve	-	-	30	30	-	-	30
Services Transformation Reserve	1,902	(716)	200	1,386	(321)	158	1,223
Tourism Reserve	44	(5)	-	39	-	-	39
TOTAL GENERAL FUND	16,986	(3,722)	4,982	18,246	(8,127)	5,657	15,776
HRA:							
HRA Capital Investment Reserve	21,541	(6,204)	5,388	20,725	(3,392)	5,599	22,932
HRA Early Retirements Reserve	109	(3)	8	114	(20)	8	102
HRA Earmarked Reserves	-	-	-	-	-	164	164
HRA Rev Grants/Contribs In Advance Res	10	-	-	10	-	-	10
TOTAL HRA	21,660	(6,207)	5,396	20,849	(3,412)	5,771	23,208
TOTAL EARMARKED RESERVES	38,646	(9,929)	10,378	39,095	(11,539)	11,428	38,984

NOTES TO THE ACCOUNTS

The purpose of the significant earmarked reserves are:

Capital Investment Reserve: Used to provide finance for the Council's General Fund capital programme not met by other resources e.g. borrowing, capital receipts, revenue contributions, external contributions and other reserves.

Corporate Assets Reserve: Used to finance improvements and also major repairs and maintenance to the Council's General Fund property assets.

Services Transformation Reserve: Used to finance service improvements and to enable services to continue to be provided pending delivery of required savings and to finance "Fit For the Future" schemes so as to help the Council secure savings needed in its medium term financial strategy.

Leisure Options Reserve: Used to finance initial concession and management fee payments to contractor whilst refurbishment programme being carried out and to contribute towards debt servicing costs on borrowing taken out to finance the refurbishment programme.

HRA Capital Investment Reserve: Used to finance significant council housing projects, including building or acquiring new council homes.

11. Other Operating Income and Expenditure

Gross Expenditure 2015/16 £'000	Gross Income 2015/16 £'000	Net Expenditure 2015/16 £'000		Gross Expenditure 2016/17 £'000	Gross Income 2016/17 £'000	Net Expenditure 2016/17 £'000
1,233	-	1,233	Parish Council Precepts	1,306	-	1,306
978	-	978	Payments to Govt. Housing Capital Receipts Pool	970	-	970
-	(527)	(527)	(Gain) or loss on the disposal of non-current assets	-	(1,762)	(1,762)
2,211	(527)	1,684	Total	2,276	(1,762)	514

12. Financing and Investment Income and Expenditure

Gross Expenditure 2015/16 £'000	Gross Income 2015/16 £'000	Net Expenditure 2015/16 £'000		Gross Expenditure 2016/17 £'000	Gross Income 2016/17 £'000	Net Expenditure 2016/17 £'000
4,767	-	4,767	Interest Payable and similar charges	4,767	-	4,767
1,471	-	1,471	Net Interest on the net defined benefit liability	1,203	-	1,203
-	(528)	(528)	Interest receivable and similar income	-	(536)	(536)
367	(3,454)	(3,087)	Income and expenditure in relation to investment properties and changes in their fair value	486	(616)	(130)
6,605	(3,982)	2,623	Total	6,456	(1,152)	5,304

13. Taxation and Non Specific Grant Income and Expenditure

Gross Income 2015/16 £'000		Gross Income 2016/17 £'000
(8,714)	Council Tax income	(9,156)
(2,769)	Non-domestic rates income and expenditure	(3,820)
(5,385)	Non-ringfenced Government Grants	(4,658)
(486)	Capital Grants and Contributions	(233)
(17,354)	Total	(17,867)

NOTES TO THE ACCOUNTS

14. Property, Plant and Equipment

Movements on Balances

Movements in 2016/17

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Property, Plant and Equipment £'000
Cost or valuation								
At 1 April 2016	282,885	69,599	8,013	2,403	7,037	1,058	6,822	377,817
Additions	10,508	593	899	2	114	-	2,811	14,927
Revaluation increases / (decreases) recognised in the Revaluation Reserve	19,445	444	-	-	-	5	-	19,894
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	33,873	165	-	-	-	-	-	34,038
Derecognition - disposals	(2,429)	-	(60)	-	-	-	-	(2,489)
Assets reclassified (to) / from Other Accounts	6,889	(6)	-	-	-	(441)	(6,526)	(84)
At 31 March 2017	351,171	70,795	8,852	2,405	7,151	622	3,107	444,103
Accumulated Depreciation and Impairment								
At 1 April 2016	-	(754)	(6,223)	(253)	(383)	(299)	-	(7,912)
Depreciation charge for 2016/17	(2,923)	(2,385)	(510)	(61)	(47)	(28)	-	(5,954)
Depreciation written out to the Revaluation Reserve	17	1,750	-	-	-	17	-	1,784
Depreciation written out to the Surplus / Deficit on the Provision of Services	2,906	94	-	-	-	-	-	3,000
Impairment losses / (reversals) recognised in the Surplus / Deficit on the Provision of Services	-	-	(2)	-	-	-	-	(2)
At 31 March 2017	-	(1,295)	(6,735)	(314)	(430)	(310)	-	(9,084)
Net Book Value								
31 March 2017	351,171	69,500	2,117	2,091	6,721	312	3,107	435,019
31 March 2016	282,885	68,845	1,790	2,150	6,654	759	6,822	369,905

NOTES TO THE ACCOUNTS

Movements on Balances

Movements in 2015/16

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Property, Plant and Equipment £000
Cost or valuation								
At 1 April 2015	262,499	55,104	7,730	2,306	7,037	1,816	2,453	338,945
Additions	6,347	608	283	97	-	-	5,672	13,007
Revaluation increases / (decreases) recognised in the Revaluation Reserve	355	14,610	-	-	-	69	-	15,034
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	16,109	(1,227)	-	-	-	(47)	-	14,835
Derecognition - disposals	(2,666)	(52)	-	-	-	(780)	-	(3,498)
Assets reclassified (to) / from Other Accounts	241	556	-	-	-	-	(1,303)	(506)
At 31 March 2016	282,885	69,599	8,013	2,403	7,037	1,058	6,822	377,817
Accumulated Depreciation and Impairment								
At 1 April 2015	-	(1,198)	(5,642)	(195)	(337)	(315)	-	(7,687)
Depreciation charge for 2015/16	(2,639)	(2,259)	(581)	(58)	(46)	(28)	-	(5,611)
Depreciation written out to the Revaluation Reserve	13	2,280	-	-	-	44	-	2,337
Depreciation written out to the Surplus / Deficit on the Provision of Services	2,626	423	-	-	-	-	-	3,049
At 31 March 2016	-	(754)	(6,223)	(253)	(383)	(299)	-	(7,912)
Net Book Value								
31 March 2016	282,885	68,845	1,790	2,150	6,654	759	6,822	369,905
31 March 2015	262,499	53,906	2,088	2,111	6,700	1,501	2,453	331,258

NOTES TO THE ACCOUNTS

Capital Commitments and Planned Works 2017/18

	£'000
General Fund:	
Leisure Refurbishments	11,968
Pump Room Gardens Restoration	1,179
Play Area Improvement Programme	550
Acquisition of Spencer Yard premises	300
ICT Developments	249
Recycling & Refuse Containers	176
Wall Repairs Barford	134
Rural & Urban Initiatives	126
St. Peter's Multi-storey car park structural work	120
St John's Flood Alleviation Partnership	100
Housing Investment Programme:	
Council House Improvements / Renewal	5,439
Housing New Build / Reprovision	840
Private Sector Housing - Grants and Loans	699

Revaluations

The values of the Council Dwellings and Other HRA Property (shops, offices, community centres, garages, surgery, hostel and land) are based on valuations at 1 April 2017 following a "desktop" revaluation exercise by Carter Jonas LLP. Following the full revaluation exercise carried out on all of the General Fund property assets as at 1st April 2015, a fifth of the General Fund property assets comprising office buildings, leisure centres, public parks and open spaces were revalued as at 1st April 2016, this being the first tranche of a five year rolling programme of General Fund property valuations.

The values at 31st March 2017 also take account of any depreciation, impairments and in year capital expenditure which has occurred since the last valuation took place for that specific asset.

Carter Jonas has also undertaken a review of a representative selection of General Fund property assets including surplus assets in order to ascertain whether the carrying values of the General Fund property assets represent fair value at 31st March 2017. The carrying values in the Balance Sheet for those assets in the representative sample have been updated to 31st March 2017 and it is considered that as a result of the review the carrying values of the rest of the assets represent fair value. The table below shows the valuation basis for each asset class within the Balance Sheet:

Asset Class	Valuation Basis
Operational Property e.g. Car Parks and Housing Stock	Existing Use Value Existing Use Value – Social Housing Depreciated Replacement Cost (MEA)
Non Operational Property e.g. Surplus Assets	Open Market Value
Investment Properties	Open Market Value
Community Assets	Historic Cost
Infrastructure Assets	Historic Cost
Equipment	Historic Cost
Assets Under Construction	Historic Cost

All of the Council's Surplus Property Assets were revalued by Carter Jonas LLP in 2015/16 and some properties were revalued at 31st March 2017 as part of the representative sample previously referred to above and as such it is considered that for the purposes of

NOTES TO THE ACCOUNTS

IFRS13, the carrying value at 31st March 2017 is still equal to Fair Value under that standard. For those properties where the new value was set with reference to rent reviews relating to that particular property it is considered that this equates to a level 1 input. The rest of the properties were revalued using direct observation of the passing rents on similar properties within the local property market and this equates to a level 2 input.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant, etc. £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	-	143	2,038	2,091	6,721	-	3,107	14,100
Valued at fair value as at:								
- 2016/17	351,171	58,564	-	-	-	127	-	409,862
- 2015/16	-	10,793	-	-	-	185	-	10,978
Total Cost or Valuation	351,171	69,500	2,038	2,091	6,721	312	3,107	434,940

It should be noted that the total figure in the above table does not reconcile with the Property, Plant and Equipment total recorded in the Balance Sheet by £79,000. This difference relates to the balance outstanding at 31 March 2017 on the Colour Copier and Dog Wardens Van Finance leases (see note 33) which is not included in the table above.

15. Heritage Assets

	Decorative Arts Collection £'000	Visual Arts Collection £'000	Other £'000	Total Assets £'000
Cost or Valuation				
1 April 2015	330	6,664	925	7,919
Additions	1	259	6	266
Revaluations	-	-	73	73
Depreciation	-	-	(3)	(3)
31 March 2016	331	6,923	1,001	8,255
Cost or Valuation				
1 April 2016	331	6,923	1,001	8,255
Additions	-	-	8	8
Revaluations	-	-	11	11
Depreciation	-	-	(3)	(3)
31 March 2017	331	6,923	1,017	8,271

Decorative Arts & Visual Arts Collections

The majority of the Council's collections of Decorative Arts (ceramics, porcelain, glass and other artefacts of a similar nature) and Visual Arts (paintings and drawings) were revalued by Tim Ritchie & Associates in September 2014. Those items not externally valued due to their low intrinsic worth were assigned an internal nominal value of £50. The policy is to revalue the collections every 5 years with the next valuation due in September 2019.

Other

This comprises the remainder of the Art Gallery and Museum's collections (Archaeology, Ethnography, Numismatics, Pictorial and Social History) and also the Abbey Fields Barn.

NOTES TO THE ACCOUNTS

In the case of the Art Gallery and Museum's collections some articles were valued externally as part of the September 2014 revaluation exercise referred to above but the vast majority have been given nominal values of £50 each by the Art Gallery and Museum staff. During 2016/17, items amounting to £8,090 have been added to the Social History collection. The vast majority of those items acquired in 2016/17 were of a low intrinsic value, two items costing £140 and £500 respectively will be valued in due course by Tim Ritchie & Associates.

The Abbey Fields Barn was valued by Carter Jonas at 1/4/2016 at £293,000 on a depreciated replacement cost basis.

Heritage Assets: Summary of Transactions

	2015/16 £'000	2016/17 £'000
Cost of Additions of Heritage Assets:		
Donations:		
Visual Arts	259	-
Decorative Arts	1	-
Social History etc.	6	8
Total cost of Additions	266	8
Revaluation of Heritage Assets:		
Abbey Fields Barn	42	11
Social History etc.	31	-
Total Revaluations	73	11

16. Investment Properties

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

	2016/17 £'000	2015/16 £'000
Rental income from investment property	616	536
Direct operating expenses arising from investment property	(434)	(367)
Net gain / (loss)	182	169

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

NOTES TO THE ACCOUNTS

	2016/17 £'000	2015/16 £'000
Balance at start of the year	11,477	8,942
Additions:		
- Subsequent expenditure	-	8
Disposals	-	(453)
Net gains / (losses) from fair value adjustments	(52)	2,918
Transfers:		
- To / from Property, Plant and Equipment	-	62
Balance at end of year	11,425	11,477

All of the Council's Investment Properties were revalued by Carter Jonas LLP in 2015/16 and those where rent reviews have taken place during 2016/17 have also been revalued as a consequence, the revaluations having been carried out by Carter Jonas LLP. It is considered that for the purposes of IFRS13, the carrying value is equal to Fair Value under that standard. For those properties valued in 2015/16 and 2016/17 where the new value was set with reference to rent reviews relating to that particular property it is considered that this equates to a level 1 input. The rest of the properties were revalued using direct observation of the passing rents on similar properties within the local property market and this also equates to a level 1 input.

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

NOTES TO THE ACCOUNTS

17. Financial Instruments

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

	Long Term		Current	
	31 March 2017 £'000	31 March 2016 £'000	31 March 2017 £'000	31 March 2016 £'000
Investments:				
Loans and receivables	-	-	53,018	44,565
Available for sale financial assets	-	-	18,437	16,259
Total Investments	-	-	71,455	60,824
Debtors:				
Loans and receivables	866	855	5,435	5,599
Total Debtors	866	855	5,435	5,599
Borrowings:				
Financial Liabilities at amortised cost	(136,232)	(136,166)	(56)	(55)
Total Borrowings	(136,232)	(136,166)	(56)	(55)
Creditors:				
Financial Liabilities at amortised cost	-	-	(12,056)	(11,810)
Total Creditors	-	-	(12,056)	(11,810)

Income, Expense, Gains and Losses

	2016/17				2015/16			
	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Financial Assets: Available for sale £'000	Total £'000	Financial Liabilities measured at amortised cost £'000	Financial Assets: Loans and receivables £'000	Financial Assets: Available for sale £'000	Total £'000
Interest expense	(4,767)	-	-	(4,767)	(4,767)	-	-	(4,767)
Total expense in Surplus or Deficit on the Provision of Services	(4,767)	-	-	(4,767)	(4,767)	-	-	(4,767)
Interest income	-	388	156	544	-	469	59	528
Total income in Surplus or Deficit on the Provision of Services	-	388	156	544	-	469	59	528
Net gain / (loss) for the year	(4,767)	388	156	(4,223)	(4,767)	469	59	(4,239)

NOTES TO THE ACCOUNTS

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

For each of the categories of Financial Assets and Liabilities an assessment of the carrying amount against fair value has been made and in all cases the carrying amount was found to be equal to fair value.

18. Assets Held for Sale

	2016/17 £'000	2015/16 £'000
Balance outstanding at start of year	796	363
Assets newly classified as held for sale:		
- Property, Plant and Equipment	79	443
Revaluation gains	43	353
Assets sold	(796)	(363)
Balance outstanding at year-end	122	796

19. Debtors

	31 March 2017 £'000	Restated 31 March 2016 £'000
Central Government Bodies	864	1,090
Other Local Authorities	1,153	507
NHS Bodies	2	2
Public Corporations and Trading Funds	5	-
Other Entities and Individuals	2,262	2,625
TOTAL DEBTORS	4,286	4,224

In the Statement of Accounts 2015/16 debtors and bad debt provisions were shown separately. The Code of Practice requires the debtors to be shown net of any bad debt provisions. The 2015/16 position has been restated as shown in Note 6.

NOTES TO THE ACCOUNTS

20. Cash and Cash Equivalents

	31 March 2017 £'000	31 March 2016 £'000
Cash held by the Council	(2)	-
Bank current accounts	434	558
Short term deposits with Money Market Funds	35,326	28,905
Total Cash and Cash Equivalents	35,758	29,463

21. Creditors

	31 March 2017 £'000	31 March 2016 £'000
Central Government Bodies	6,628	1,249
Other Local Authorities	1,389	141
Other Entities and Individuals	8,123	6,890
TOTAL CREDITORS	16,140	8,280

22. Provisions

	Land Charges £'000	Subsidence Compensation £'000	Business Rates Appeals £'000	Insurances General Fund £'000	Insurances HRA £'000	Total £'000
Provisions > 1 year:						
Balance at 1 April 2016	-	-	3,275	252	180	3,707
Additional provisions made in 2016/17	-	-	643	47	-	690
Amounts used in 2016/17	-	-	-	-	(1)	(1)
Amounts payable < 1 year transferred to short term creditors	-	-	(2,837)	(41)	(36)	(2,914)
Balance at 31 March 2017	-	-	1,081	258	143	1,482
Provisions < 1 year:						
Balance at 1 April 2016	186	117	704	38	39	1,084
Additional provisions made in 2016/17	9	-	-	-	-	9
Amounts used in 2016/17	(32)	(55)	(962)	(41)	(36)	(1,126)
Unused amounts reversed in 2016/17	-	(62)	-	-	-	(62)
Amounts payable < 1 year transferred from L/T Provision	-	-	2,837	41	36	2,914
Balance at 31 March 2017	163	-	2,579	38	39	2,819

Business Rates Appeals

The appeals are complex and can take several years to be decided. The total level of the provision for appeals is £9.1m. The Council's share is included in the above table. Further details can be found in the Collection Fund section of the accounts.

NOTES TO THE ACCOUNTS

23. Unusable Reserves

31 March 2016 £'000		31 March 2017 £'000
35,432	Revaluation Reserve	56,375
788	Deferred Capital Receipts Reserve	788
59	Available For Sale Financial Instruments Reserve	74
218,238	Capital Adjustment Account	258,792
(13)	Financial Instruments Adjustment Account	(12)
(34,167)	Pensions Reserve	(37,938)
(3,535)	Collection Fund Adjustment Account	1,209
(282)	Accumulated Absences Account	(289)
216,520	TOTAL UNUSABLE RESERVES	278,999

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property. 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.

2015/16 £'000		2016/17 £'000	£'000
18,763	Balance at 1 April		35,432
17,411	Upward revaluation of assets	21,688	
	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(5)	
17,405	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		21,683
(736)	Difference between fair value depreciation and historical cost depreciation	(740)	
(736)	Amount written off to the Capital Adjustment Account		(740)
35,432	Balance at 31 March		56,375

NOTES TO THE ACCOUNTS

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which 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.

2015/16 £'000		2016/17 £'000
788	Balance at 1 April	788
-	Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Account	-
788	Balance at 31 March	788

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains lost
- Disposed of and the gains realised.

2015/16 £'000		2016/17 £'000	£'000
76	Balance at 1 April		59
59	Upward revaluation of investments	74	
(76)	Downward revaluation of investments not charged to the Surplus / Deficit on the Provision of Services	(59)	
	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		15
59	Balance at 31 March		74

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 contains accumulated gains and losses on Investment Properties and Assets Held for Sale and in the case of Heritage Assets the gains on initial recognition of donated Heritage Assets with no outstanding conditions.

NOTES TO THE ACCOUNTS

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16 £'000		2016/17	
		£'000	£'000
193,037	Balance at 1 April (credit)		218,238
	Note: figures in brackets are debits		
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
12,279	- Charges for depreciation and impairment of non-current assets	31,079	
353	- Revaluation losses on Assets Held For Sale and reversal of previous revaluation impairments	43	
(2)	- Amortisation of intangible assets	(1)	
(1,776)	- Revenue expenditure funded from capital under statute	(1,836)	
(4,317)	- 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	(3,285)	
6,537			26,000
736	Difference between fair value depreciation and historical cost depreciation		740
7,273	Net written out amount of the cost of non-current assets consumed in the year		26,740
	Capital Financing applied in the year:		
2,141	- Use of the Capital Receipts Reserve to finance new capital expenditure	4,304	
3,874	- Use of the Major Repairs Reserve to finance new capital expenditure	3,964	
570	- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	917	
84	- Application of grants to capital financing from the Capital Grants Unapplied Account	481	
8,018	- Capital expenditure charged against the General Fund and HRA balances	4,194	
14,687			13,860
33	Minimum Revenue Provision		6
2,918	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(52)
290	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
218,238	Balance at 31 March		258,792

NOTES TO THE ACCOUNTS

Pensions Reserve

2015/16 £'000		2016/17 £'000
(45,431)	Balance at 1 April	(34,167)
13,874	Remeasurements of the net defined benefit liability	(2,060)
(4,769)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(4,109)
2,159	Employer's pensions contributions and direct payments to pensions payable in the year	2,398
(34,167)	Balance at 31 March	(37,938)

Collection Fund Adjustment Account

Council Tax 2015/16 £'000	NNDR 2015/16 £'000	Total 2015/16 £'000		Council Tax 2016/17 £'000	NNDR 2016/17 £'000	Total 2016/17 £'000
55	(3,723)	(3,668)	Balance at 1 April	71	(3,606)	(3,535)
			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			
16	117	133		(84)	4,828	4,744
71	(3,606)	(3,535)	Balance at 31 March	(13)	1,222	1,209

Accumulated Absences Account

2015/16 £'000		2016/17 £'000	2016/17 £'000
(282)	Balance at 1 April		(282)
282	Settlement or cancellation of accrual made at the end of the preceding year	282	
(282)	Amounts accrued at the end of the current year	(289)	
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(7)
(282)	Balance at 31 March		(289)

NOTES TO THE ACCOUNTS

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2015/16 £'000		2016/17 £'000
(541)	Interest received	(519)
4,766	Interest paid	4,766
2	Interest Element of finance lease payments	2

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

2015/16 £'000		2016/17 £'000
(5,617)	Depreciation	(5,957)
17,896	Impairment and revaluations in consolidated income and expenditure	37,038
(2)	Amortisation of intangible assets	(1)
(949)	(Increase) / decrease in creditors	(5,589)
914	Increase / (decrease) in debtors	(566)
(37)	(Increase) / decrease in provision for bad debt	(100)
(14)	Increase / (decrease) in inventories	(9)
(2,610)	Movement in pension liability	(1,711)
(3,964)	Carrying amount of non-current assets, assets held for sale, sold or derecognised	(3,182)
2,120	Other non-cash items charged to the net surplus or deficit on the provision of services	234
7,737		20,158

The (surplus) or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2015/16 £'000		2016/17 £'000
4,490	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,974
655	Any other items for which the cash effects are investing or financing cash flows	729
5,145		5,703

NOTES TO THE ACCOUNTS

25. Cash Flow Statement – Investing Activities

2015/16 £'000		2016/17 £'000
13,172	Purchase of property, plant and equipment, investment property and intangible assets	12,583
33,200	Purchase of short-term and long-term investments	31,178
(4,490)	Proceeds from sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	(4,974)
(34,000)	Proceeds from the sale of short-term and long-term investments	(26,903)
(1,473)	Other receipts from investing activities	(1,398)
6,410	Net cash flows from investing activities	10,486

26. Cash Flow Statement – Financing Activities

2015/16 £'000		2016/17 £'000
1	Other receipts from financing activities	744
33	Cash payments for the reduction of the outstanding liabilities relating to finance leases	6
-	Other payments for financing activities	561
34	Net cash flows from financing activities	1,311

27. Members' Allowances

In England, the Local Authorities (Members Allowances) (England) Regulations 2003 provide for the circumstances in which allowances are payable to members and the maximum amounts payable in respect of certain allowances.

	2016/17 £'000	2015/16 £'000
Allowances:		
Basic	212	216
Special Responsibility	54	51
Chair and Vice Chair Allowances	19	16
Co-Optees	1	1
Other Allowances (Travel, Subsistence, etc.)	7	9
Total Allowances	293	293

NOTES TO THE ACCOUNTS

28. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post Title		Salary (inc Fees & Allowances) £	Pension Contribution £	Total Remuneration Inc Pension Contribution £
Chief Executive	2016/17	111,570	16,042	127,612
	2015/16	126,995	18,033	145,028
Deputy Chief Executive	2016/17	93,684	13,058	106,742
	2015/16	86,190	12,239	98,429
Deputy Chief Executive	2016/17	87,051	13,058	100,109
	2015/16	86,190	12,239	98,429
Head of Finance	2016/17	76,749	11,512	88,261
	2015/16	75,990	10,791	86,781
TOTALS	2016/17	369,054	53,670	422,724
TOTALS	2015/16	375,365	53,302	428,667

	Number of Employees		Number of Employees	
	Total 2016/17	Left in Year	Total 2015/16	Left in Year
£50,000 - £54,999	5	3	-	-
£55,000 - £59,999	1	-	3	1
£60,000 - £64,999	3	-	3	-
£70,000 - £74,999	1	1	-	-
£95,000 - £99,999	1	1	-	-

(a)	(b)		(c)		(d)		(e)	
Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [(b) + (c)]		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
£0 - £20,000	5	1	-	-	5	1	£53,153	£8,486
£20,001 - £40,000	2	2	-	1	2	3	£57,940	£89,210
£40,001 - £60,000	-	3	-	-	-	3	-	£138,765
Total cost included in bandings and in CIES	7	6	-	1	7	7	£111,093	£236,461

NOTES TO THE ACCOUNTS

29. External Audit Costs

	2016/17 £'000	2015/16 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	54	54
Audit Fee - Objections to Accounts	3	13
Fees payable to Grant Thornton for the certification of grant claims and returns	13	12
TOTAL PAID	70	79

30. Grant Income

	2016/17 £'000	2015/16 £'000
Credited to Taxation and Non-Specific Grant Income		
New Homes Bonus	(2,258)	(1,623)
Revenue Support Grant	(1,587)	(2,499)
Small Business Rate Relief Grant	(725)	(1,067)
Transition Grant	(40)	-
Self & Custom Build New Burdens Grant	(15)	-
Brownfields Register & PIP LA	(15)	-
Transparency Setup Grant	(8)	(8)
New Homes Bonus Returned Funding	(7)	(10)
Council Tax Annex Discount Grant	(3)	(2)
Council Tax Freeze Grant	-	(82)
Right to Move Grant	-	(71)
Council Tax Support Grant	-	(23)
Capital Grants and Contributions:		
- Pump Room Gardens Redevelopment	(93)	-
- Victoria Park Skateboard Park	(83)	(7)
- Indoor & Outdoor Sports Facilities	(48)	(185)
- Heritage Assets	(8)	-
- Flood Alleviation	(1)	-
- S106 Contribs towards social housing & play equipment	-	(695)
- S106 GP Surgery Contributions	-	(525)
TOTAL	(4,891)	(6,797)
Credited to Services		
DWP grants for Housing Benefits	(28,856)	(30,487)
Better Care Fund	(684)	(373)
Housing Benefit Administration Grant	(557)	(550)
Contribution towards NNDR Collection	(217)	(215)
Individual Electoral Registration	(31)	(11)
Local Land Charges	(9)	(128)
Development Control	(6)	-
Parliamentary Elections	(3)	-
Private Sector Hsg	-	(65)
TOTAL	(30,363)	(31,829)
TOTAL GRANTS	(35,254)	(38,626)

NOTES TO THE ACCOUNTS

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have legally binding conditions attached to them that will require the monies or property to be returned to the giver.

	2016/17 £'000	2015/16 £'000
Capital Grants / Contributions Receipts in Advance		
S106 Contributions towards social housing, sports facilities & play equipment	1,886	1,596
TOTAL	1,886	1,596

31. Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

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. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2017 are included within the figures shown in Note 30.

Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner:

These authorities issue precepts on the Council and these are shown in the Collection Fund Statement. Warwickshire County Council is the administering authority for the Pension Fund and details of the employer's contributions paid by this Council are shown in Note 35.

Precepting Bodies:

The various Town and Parish Councils in the Council's area issue precepts on the Council. For 2016/17 the precepts issued totalled £1,305,773 (£1,233,065 2015/16). The major preceptors were:

	2016/17 £'000	2015/16 £'000
Warwick Town Council	334	321
Royal Leamington Spa Town Council	323	297
Kenilworth Town Council	178	177
Whitnash Town Council	132	113

Council Members and Chief Officers:

Council Members make disclosures of their pecuniary and non-pecuniary interests in the Members' Register, and also have to make declarations on individual committee agenda items. In addition to Council Members, the Chief Executive, the two Deputy Chief Executives and Heads of Service also make annual declarations in respect of any Related Party Transactions they may have.

Council Members have direct control over the Council's financial and operating policies. Grants totalling £621,400 (£501,900 2015/16) were paid to voluntary organisations in which six members had positions on the governing body. The grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. The major grants awarded were:

NOTES TO THE ACCOUNTS

	2016/17 £'000	2015/16 £'000
Saint Chad's Trust (Bishop Tachbrook Community Centre)	321	129
Citizens' Advice Bureau	100	100
Shakespeare's England	56	86
Warwickshire Community and Voluntary Action (CAVA)	55	55
Leamington Lawn & Squash Club	-	30
The Chain	30	29
Kenilworth Tennis, Squash and Croquet Club	-	29
Coventry & Warwickshire LEP	29	20

Leamington Business Improvement District:

The Council acts as an agent in respect of Leamington Business Improvement District (Bid) whereby it collects the levy due on the Bid's behalf (£299,000 in 2016/17).

32. Capital Expenditure and Capital Financing

	2016/17 £'000	2015/16 £'000
Opening Capital Financing Requirement	134,571	134,460
Capital Investment:		
Property, Plant and Equipment	14,775	13,007
Investment Properties	-	8
Revenue Expenditure Funded from Capital Under Statute	1,836	1,776
Finance Leases Principal	79	12
Sources of Finance:		
Capital Receipts	(4,304)	(2,141)
Government grants and other contributions	(1,390)	(647)
Major Repairs Account	(3,964)	(3,874)
Sums set aside from revenue	(4,200)	(8,018)
Adjustment for expenditure where MRP is being met by Asset Life or Depreciation Methods	-	(12)
Closing Capital Financing Requirement	137,403	134,571

33. Leases

Authority as Lessor

The Council, as a lessor, does not have any leases which qualify as finance leases.

Operating Leases

With effect from 1st April 2010, the Council entered into an operating lease with Mack Trading whereby the Council leased out the operation of the Newbold Comyn Golf Course for a term of 50 years at a rent of £20,000 per annum commencing in year 4 and subject to 5 yearly rent reviews.

Within the Housing Revenue Account the Council has a number of shops etc. which whilst still forming part of its Operational non-current assets are leased out on a commercial basis in order to derive rental income.

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

NOTES TO THE ACCOUNTS

	31 March 2017 £'000	31 March 2016 £'000
Not later than one year	315	326
Later than one year and not later than five years	1,358	1,404
Later than five years	800	820
	2,473	2,550

34. Impairment/Revaluation Losses

Within the Housing Revenue Account, as a result of generally rising house prices and also the change in the percentage factor whereby council housing stock is reduced from open market value to social housing value the Council has recognised a revaluation impairment gain amounting to £45,486,844 relating to its housing stock which has significantly reversed previous revaluation impairment losses charged to the HRA. Social housing stock is now valued at 40% of the open market value as opposed to the previous 34%. It has also recognised an impairment loss of £8,708,336 in respect of the buildings element of the new Sayer Court development due to the social housing discount factor previously mentioned.

35. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, 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 administered locally by Warwickshire 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 pensions' liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund 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:

NOTES TO THE ACCOUNTS

	2016/17 £'000	2015/16 £'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
- current service cost	2,906	3,298
<i>Financing and Investment Income and Expenditure:</i>		
- net interest expense	1,203	1,471
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	4,109	4,769
Other Post Employment Benefit 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)	(16,979)	1,233
- Actuarial gains and losses arising on changes in demographic assumptions	(1,588)	-
- Actuarial gains and losses arising on changes in financial assumptions	22,759	(13,220)
- Other	(2,132)	(1,887)
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	6,169	(9,105)
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(4,109)	(4,769)
Actual amount charged against the General Fund and HRA Balances for pensions in the year:		
Employer's contributions payable to scheme	2,398	2,159

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 plans is as follows:

	2016/17 £'000	2015/16 £'000
Present value of the defined benefit obligation	160,688	138,048
Fair value of plan assets	(122,750)	(103,881)
Net liability arising from defined benefit obligation	37,938	34,167

NOTES TO THE ACCOUNTS

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets:

	2016/17 £'000	2015/16 £'000
Opening fair value of scheme assets	103,881	103,378
Interest income	3,604	3,284
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in the net interest expense	16,979	(1,233)
The effect of changes in foreign exchange rates		
Contributions from employer	2,398	2,159
Contributions from employees into the scheme	751	740
Benefits paid	(4,863)	(4,447)
Closing fair value of scheme assets	122,750	103,881

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

	2016/17 £'000	2015/16 £'000
Opening balance at 1 April	138,048	148,809
Current service cost	2,906	3,298
Interest cost	4,807	4,755
Contributions from scheme participants	751	740
Remeasurement (gains) / losses:		
- Actuarial gains / losses arising from changes in demographic assumptions	(1,588)	-
- Actuarial gains / losses arising from changes in financial assumptions	22,759	(13,220)
- Other experience	(2,132)	(1,887)
Benefits paid	(4,863)	(4,447)
Closing balance at 31 March	160,688	138,048

NOTES TO THE ACCOUNTS

Local Government Pension Scheme assets comprised:

	Period Ended 31 March 2017			Period Ended 31 March 2016		
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000
Cash and cash equivalents	1,661	-	1,661	1,207	-	1,207
Equity Securities (by industry type):						
- Consumer	14,284	-	14,284	11,685	-	11,685
- Manufacturing	5,221	-	5,221	4,357	-	4,357
- Energy and Utilities	2,301	-	2,301	1,989	-	1,989
- Financial Institutions	6,566	-	6,566	5,661	-	5,661
- Health and Care	4,446	-	4,446	3,463	-	3,463
- Information Technology	3,502	-	3,502	2,839	-	2,839
- Other	5,854	-	5,854	3,972	-	3,972
Sub-total equity	42,174	-	42,174	33,966	-	33,966
Property:						
- UK Property	11,506	-	11,506	11,918	-	11,918
- Overseas Property	82	-	82	88	-	88
Sub-total property	11,588	-	11,588	12,006	-	12,006
Private Equity:						
- All	-	4,317	4,317	-	2,812	2,812
Investment Funds and Unit Trusts:						
- Equities	30,450	-	30,450	25,611	-	25,611
- Bonds	20,831	-	20,831	17,442	-	17,442
- Hedge Funds	-	5,359	5,359	-	5,170	5,170
- Infrastructure	-	1,479	1,479	-	915	915
- Other	4,891	-	4,891	4,752	-	4,752
Sub-total Investments	56,172	6,838	63,010	47,805	6,085	53,890
TOTAL ASSETS	111,595	11,155	122,750	94,984	8,897	103,881

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 levels, etc.

The Warwickshire County Council Fund liabilities have been assessed by Hymans Robertson, 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.

NOTES TO THE ACCOUNTS

The significant assumptions used by the actuary have been:

	2016/17	2015/16
Long-term expected rate of return on assets in the scheme:		
Equity investments	2.6%	3.5%
Bonds	2.6%	3.5%
Property	2.6%	3.5%
Cash	2.6%	3.5%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.5 years	22.4 years
Women	24.7 years	24.4 years
Longevity at 65 for future pensioners:		
Men	24.3 years	24.3 years
Women	26.7 years	26.6 years
Rate of inflation	3.4%	3.2%
Rate of increase in salaries	3.0%	4.2%
Rate of increase in pensions	2.4%	2.2%
Rate of discounting scheme liabilities	2.6%	3.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. 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 assumptions in longevity, for example, assume that like expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed 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.

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year)	5,522	(5,522)
Rate of increase in salaries (increase or decrease by 0.5%)	2,323	(2,323)
Rate of increase in pensions (increase or decrease by 0.5%)	12,515	(12,515)
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	15,062	(15,062)

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 18 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

The Council anticipates paying £2,257,000 expected contributions to the scheme in 2017/18.

The weighted average duration of the defined benefit obligation for scheme members is 17.6 years, 2016/17 (18 years 2015/16).

There is an inconsistency between the total scheme assets as determined by the actuary and the total scheme assets as per the pension scheme accounts. This is because the

NOTES TO THE ACCOUNTS

actuary has estimated the value of assets using the actual return on assets to December 2016 and has estimated the return on assets for January to March 2017.

36. Nature and Extent of Risks Arising from Financial Instruments

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 measures as interest rates and stock market movements.

Risk management is carried out by a central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.

Credit Risk

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with each type of financial institution located within each category.

The decision by the UK in June 2016 to leave the EU resulted in a downgrading of the UK's sovereign credit rating which affected the credit risk within the Council's Investments portfolio. The forthcoming "Brexit" negotiations also have the potential to impact on the credit risk within the portfolio particularly if the UK is seen to accept a deal which worsens its economic prospects. This potential negative impact will be monitored as negotiations proceed and the Annual Investment Strategies for 2017/18 onwards amended as appropriate with subsequent approval from the Council.

The credit criteria at 1st April 2017 in respect of investments held by the Council are:

Counterparty limits

Investment / Counterparty type:	S/term L/term		Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Proportion of Portfolio at 31st March 2017 £'000
<u>Specified instrument:</u> <u>(repayable within 12 months)</u>	(FITCH or equivalent)					
Bank - Private UK (includes Fixed Term Deposits,CD's, and Category 1 FRN's & Bonds)	F1	A	UK Sovereign	£4m	364 days	13,825
	F1	A+	UK Sovereign	£6m	364 days	10,000
	F1	AA- & above	UK Sovereign	£7m	364 days	11,047
Corporates (Category 3 FRN'S, Bonds)	F1	A	UK Sovereign	£4m	364 days	4,537
	F1	A+	UK Sovereign	£5m	364 days	0
	F1	AA- & above	UK Sovereign	£6m	364 days	0
Money Market Fund(CNAV)	AAA m / Aaa-mf/AAAmmf			£9m	liquid	25,125
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1			£6m	liquid	6,000
					Total	70,534

Where appropriate the Council makes use of a credit checking agency so that customers for goods and services e.g. major contracts are assessed and suitable credit limits set. At 31 March 2017, sundry debts outstanding stood at £2.2m of which £0.6m related to general debts and £1.6m to Housing Benefit and Council Tax Support overpayments. An assessment has taken place of the likelihood of these debts being defaulted upon and bad debts provisions of £0.07m and £0.79m have been established in respect of the general

NOTES TO THE ACCOUNTS

debts and Housing and Council Tax Benefit Overpayments respectively. An analysis by age of the £2.2m less £0.86m bad debts provision follows:

	31 March 2017 £'000	31 March 2016 £'000
Less than three months	559	1,077
Four to six months	84	328
Seven to nine months	79	60
Ten to twelve months	85	38
More than one year	529	669
Total	1,336	2,172

At 31 March 2017, outstanding arrears in respect of council house rents and charges stood at £1.261m; again an assessment of the default rate on these arrears has been made and a bad debts provision of £0.953m has been established.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council is able to borrow, subject to the limits imposed by the relevant Prudential Indicators, from the Money Markets to make up the shortfall. The relevant Prudential Indicators in this instance are the Operational Boundary for External Debt which manages the day to day cash flow requirements and the Authorised Limit for External Debt which sets an absolute ceiling on the amount of borrowing allowed.

All of the Council's trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

The Council's external borrowing is made up of PWLB Fixed Rate Maturity loans with maturities of between 41 and 50 years and the average rate of the portfolio is 3.50%. This gives certainty in terms of interest payments but prevents the Council benefiting from any future reductions below this in interest rates.

The main risk to its investment income comes from movements in Bank Rate and the Money Market Rates. For instance, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

The treasury management team has an active strategy for assessing interest rate exposure.

According to this assessment strategy, based on the 2016/17 out-turn a 0.25% movement upwards in interest rates would have produced an additional £0.192m interest. Conversely the same movement downwards would have reduced investment interest by a similar amount.

Price Risk

The Council invests in Certificates of Deposits and Corporate Bonds which are instruments where the price fluctuates, the Council manages this risk by only purchasing such investments with a relatively short term to run and by holding the investments to maturity

NOTES TO THE ACCOUNTS

thus nullifying the effect of price fluctuations as the investments are redeemed at par i.e. face value

37. Fair Value – Financial Instruments Loans and Investments

The Council took out £136.157m in PWLB fixed interest rate long term loans with varying maturities of between 41 and 50 years on the 28th March 2012 in order to fulfil its obligations under the new HRA self-financing regime. Although PWLB long term loans are carried in the balance sheet at amortised cost, the Council is required to disclose the fair value of these loans. This requires a calculation of the net present value of the cash flows that are scheduled to take place over the remaining life of each loan. The fair value of these loans will be different to the amortised cost if prevailing interest rates differ from those applicable to the loans when taken out. The introduction of IFRS13 requires that the fair value is calculated using two different interest rates, the PWLB redemption rate and the PWLB certainty rate. The Council's Treasury Management consultants, Capita Asset Services, has calculated the required fair values and the fair value of these PWLB loans at 31st March using the PWLB redemption rate is £221,328,548. The difference between this figure and the £136.157m carried in the balance sheet represents the premiums that would be charged for early redemption of the loans as the current interest rates are below those in force when the borrowing took place in March 2012. However, the Council has a continuing ability to borrow from the PWLB at its certainty rate and on this basis the fair value of the £136.157m is £175,690,019 including potential premiums of £39,533,019. IFRS 13 requires disclosure of the valuation method by which the fair value is arrived at. There are three levels of inputs and in this instance Capita Asset Services has adopted a level 2 input basis i.e. "inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly".

Similarly, the Council's Certificate of Deposit investments have been revalued in the accounts to fair value at 31st March 2017 using prices supplied by its custodians, King & Shaxson Ltd. at 31st March 2017. As these prices directly relate to these investments within an active market it is considered that the prices supplied by King & Shaxson are on a Level 1 basis.

HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT

2015/16 £'000		Notes	2016/17 £'000	2016/17 £'000
	EXPENDITURE			
5,852	Repairs and Maintenance		5,337	
5,711	Supervision and Management		5,708	
118	Rents, Rates, Taxes and Other Charges		115	
215	Increased Provision for Bad Debts		78	
(15,735)	Depreciation and Impairment of Non-Current Assets	5	(33,328)	
49	Amortisation of Intangible Assets & Revenue		-	
	Expenditure Funded from Capital Under Statute			
(3,790)	TOTAL EXPENDITURE			(22,090)
	INCOME			
(25,774)	Dwelling Rents		(25,587)	
(822)	Non-Dwelling Rents		(809)	
(846)	Charges for Services and Facilities		(885)	
(629)	Contributions Towards Expenditure		(539)	
(28,071)	TOTAL INCOME			(27,820)
(31,861)	Net Cost of HRA Services as included in the whole authority Comprehensive Income and Expenditure			(49,910)
74	HRA services share of Corporate and Democratic Core			73
24	HRA share of other amounts included in the whole authority Net Cost of Services but not allocated to specific services			21
(31,763)	Net Income for HRA Services			(49,816)
(550)	Gain or Loss on sale of HRA non-current assets		(1,822)	
4,766	Interest payable and similar charges		4,765	
174	Pensions Interest Cost and Expected Return on Pensions Assets		159	
(199)	HRA Interest and Investment Income		(208)	
(27,572)	(Surplus) / Deficit for the year on HRA services			(46,922)

MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE STATEMENT

The 'Surplus or (Deficit) for the year on Housing Revenue Account (HRA) services' line shows the true economic cost of providing the authority's services. The 'Net Increase / (Decrease) before transfers to earmarked reserves' line shows the change in the statutory Housing Revenue Account Balance before any discretionary transfers to or from reserves undertaken by the Council.

2015/16 £'000		Notes	2016/17 £'000	£'000
1,353	Balance on the HRA at the end of the previous year			1,386
27,572	Surplus or (deficit) for the year on the HRA Income and Expenditure Statement		46,922	
(28,350)	Adjustments between accounting basis and funding basis under statute	Main Notes 9	(44,549)	
(778)	Net increase or (decrease) before transfers to or from reserves		2,373	
811	Transfers (to) or from reserves		(2,359)	
33	Increase or (decrease) in year on the HRA			14
1,386	Balance on the HRA at the end of the current year			1,400

NOTES TO THE HOUSING REVENUE ACCOUNT

1. Housing Stock

The Council was responsible for managing the following Council dwellings included in the Housing Revenue Account:

	31 March 2017 Nos.	31 March 2016 Nos.
Houses	2,412	2,449
Flats	2,436	2,355
Bungalows	670	669
	5,518	5,473

The change in housing stock can be summarised as follows:

	2016/17 Nos.	2015/16 Nos.
Housing Stock at 1 April	5,473	5,495
New build	81	-
Purchases	-	21
Reclassification from non-operational to operational stock	11	
Right to Buy Sales	(47)	(43)
	5,518	5,473
Housing Stock at 31 March	5,518	5,473

2. Housing Revenue Account Non-Current Assets and Assets Held For Sale

The total Housing Revenue Account non-current assets and assets held for sale can be analysed as follows:

	31 March 2017 £'000	1 April 2016 £'000
Council Dwellings	351,171	282,803
Other Properties	6,564	6,475
Land	275	271
Equipment	237	55
Assets Under Construction	4	6,526
Surplus Assets	-	441
Assets Held for Sale	122	796
	358,373	297,367
Total Balance Sheet Items	358,373	297,367

NOTES TO THE HOUSING REVENUE ACCOUNT

3. Valuation of Dwellings

The 'vacant possession' value of dwellings represents the open market value of the housing stock, whilst the Balance Sheet value represents the reduced valuation owing to the stock being used for social housing. The difference between the two valuations (a reduction to 34% of the market valuation) is the 'Economic Cost' of providing council housing at less than open market rents.

	1 April 2017 £'000	1 April 2016 £'000
Vacant Possession Value of Dwellings (Open Market Value)	826,455	769,171
Balance Sheet Value of Dwellings (Social Housing Value) (34.15% of Open Market Value)	283,246	262,666
Economic Cost to Government	543,209	506,505

4. Summary of Capital Expenditure Funding Sources

	2016/17 £'000	2015/16 £'000
Usable Capital Receipts	3,211	1,672
Revenue and Other Contributions	4,102	6,958
Major Repairs Reserve	3,964	3,874
TOTAL CAPITAL EXPENDITURE FUNDING	11,277	12,504

5. Revaluations Impairment

A full desktop valuation of the Housing Revenue Account dwellings, other properties and land was undertaken for the 1st April 2017 valuation by the Council's valuers, Carter Jonas LLP. This resulted in a net increase in the value of the Council's housing stock of £56.241m. Revaluation gains of £19.462m were credited to the Housing Revenue Account Revaluation Reserve, £8.708m of revaluation losses were debited to the Housing Revenue Account arising from the construction and consequent valuation of Sayer Court and £45.487m was credited to the Housing Revenue Account to partially reverse previous years revaluation impairments made to that account.

The housing stock is valued on an "Existing Use – Social Housing" (EUV-SH) basis, derived from the Open Market Value (OMV), discounted by a Regional Adjustment Factor, which is determined by the Department for Communities and Local Government (DCLG). Currently, this is just 40% of the Open Market Value.

NOTES TO THE HOUSING REVENUE ACCOUNT

6. Summary of Capital Receipts

	2016/17 £'000	2015/16 £'000
Sale of Council Houses	4,925	3,307
Other Non RTB Sales	47	757
Sale of Land	30	-
TOTAL CAPITAL RECEIPTS	5,002	4,064

7. Depreciation of Fixed Assets

	2016/17 £'000	2015/16 £'000
Council Dwellings	2,923	2,639
Other Buildings	517	349
Equipment	11	25
TOTAL DEPRECIATION	3,451	3,013

8. Arrears and Provision for Bad or Doubtful Debts

	2016/17 £'000	2015/16 £'000
<u>HRA Rent & Charges Arrears</u>		
Current Tenant Rent Arrears	642	872
Former Tenant Rent Arrears	248	234
Dwelling Rent Arrears	890	1,106
Garage Rent Arrears	5	8
Supporting People Charge Arrears	43	39
Court Cost Arrears	144	141
Overpayment of Benefit Arrears	179	187
Total Arrears	1,261	1,481
<u>Prepayments</u>		
Dwelling Rent Prepayments	(370)	(315)
Garage Rent Prepayments	(13)	(12)
Other Prepayments	(6)	(7)
Total Prepayments	(389)	(334)
Net Arrears	872	1,147
<u>HRA Bad Debt Provisions</u>		
Rent Bad Debt Provision	(780)	(883)
Court Cost Bad Debt Provision	(173)	(160)
Total Bad Debt Provisions	(953)	(1,043)

COLLECTION FUND

This statement details the transactions relating to the collection of council tax and business rates. The Council acts as an agent to collect council tax and business rates on behalf of Warwickshire County Council and the Office of the Warwickshire Police and Crime Commissioner and business rates on behalf of the Government.

2015/16			2016/17		
Council Tax £'000	Business Rates £'000	Total £'000	Notes	Council Tax £'000	Business Rates £'000
INCOME					
(79,858)	-	(79,858)		(83,978)	-
-	(68,221)	(68,221)		-	(70,315)
(79,858)	(68,221)	(148,079)		(83,978)	(70,315)
Contributions towards earlier years' Collection Fund Deficit:					
-	(1,497)	(1,497)		-	(4,515)
-	(300)	(300)		-	(903)
-	(1,198)	(1,198)		-	(3,612)
-	(2,995)	(2,995)		-	(9,030)
(79,858)	(71,216)	(151,074)		(83,978)	(79,345)
TOTAL INCOME					
EXPENDITURE					
Precepts and Demands:					
-	34,224	34,224		-	33,607
61,062	6,845	67,907		64,798	6,721
9,569	-	9,569		9,960	-
8,699	27,379	36,078		9,184	26,885
79,330	68,448	147,778		83,942	67,213
Distribution of earlier years' Collection Fund Surplus:					
-	-	-		386	-
-	-	-		61	-
-	-	-		55	-
-	-	-		502	-
Charges to the Collection Fund:					
286	346	632		217	630
-	215	215		-	214
100	-	100		80	-
-	1,431	1,431		-	(796)
-	465	465		-	(1)
-	14	14		-	15
-	3	3		-	-
386	2,474	2,860		297	62
(142)	(294)	(436)		763	(12,070)
(501)	9,308	8,807		(643)	9,014
(643)	9,014	8,371		120	(3,056)
Net (Surplus) / Deficit for Year					
(Surplus) / Deficit brought forward 1 April					
(Surplus) / Deficit carried forward 31 March					

NOTES TO THE COLLECTION FUND

1. General

The Collection Fund is a statutory account which shows the transactions of the billing authority (Warwick District Council) in terms of Council Tax and Business Rates, and demonstrates how income from these sources is distributed to precepting bodies and the General Fund. The surplus or deficit on the Collection Fund at the yearend is distributed to, or recovered from, the billing authority and the precepting bodies on the basis of fund outturn balance estimates made in the January before the year end.

2. Council Tax

Council Tax income is derived from charges according to the value of residential properties that have been classified into 8 valuation bands. These numbers are adjusted for various items. The number of properties for each band is then converted into a Band D equivalent by applying a designated ratio to arrive at the Council Tax Base. Individual charges are determined by dividing the demands and precepts of the Council, Warwickshire County Council and The Office of the Warwickshire Police and Crime Commissioner by the Council Tax base. The Council Tax base for 2016/17 was calculated as follows:

Band	Dwellings in Banding List	Disabled Persons Adjustments No of Cases	Less Exemptions Properties Affected	Less Discounts	Adjusted Amount for Council Tax Band	Ratio	Band D Equivalent Dwellings
@	0	11	0	(1.90)	9.10	5 / 9	5.06
A	4,709	23	(207)	(727.90)	3,797.10	6 / 9	2,531.40
B	11,482	49	(518)	(1,353.60)	9,659.40	7 / 9	7,512.87
C	16,567	5	(455)	(1,411.80)	14,705.20	8 / 9	13,071.29
D	12,371	(27)	(271)	(928.30)	11,144.70	9 / 9	11,144.70
E	7,040	(16)	(314)	(390.00)	6,320.00	11 / 9	7,724.44
F	4,866	(12)	(91)	(187.90)	4,575.10	13 / 9	6,608.48
G	3,933	(13)	(33)	(104.80)	3,782.20	15 / 9	6,303.67
H	418	(20)	(9)	34.60	423.60	18 / 9	847.20
	61,386	0	-1,898	(5,071.60)	54,416.40		55,749.11
Adjustment for new properties, collection rates, changes during the year for successful appeals against valuation banding, demolitions, disabled persons relief and exempt properties							882.60
Less Council Tax Support Scheme							(4,752.51)
COUNCIL TAX BASE 2016/17							51,879.20

3. Income from Business Ratepayers

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate of 49.7p.

The total rateable value of properties in the Warwick District area was £164,310,437 at 31 March 2017.

GLOSSARY

This section explains complicated terms that have been used in this document.

Accruals

Cost of goods and services received in the year but not yet paid for.

Actuarial gain (loss)

The changes in the pension fund's deficits or surpluses that arise because of:

- a) Events have not coincided with the assumption used by the actuary when carrying out the previous triennial valuation of the fund; or
- b) The actuary changing the assumptions used in the current triennial valuation exercise from those used previously.

Agency

Where one Authority (the main Authority) pays another Authority (the agent) to do work for them.

Amortisation

The drop in value of intangible assets as they become out of date.

Asset

An item which is intended to be used for several years such as a building or a vehicle.

Band D Equivalent

Council Tax is a tax on domestic properties. Each domestic property is placed in a 'band' from A to H based on the capital value of that property in April 1991. Band D is the middle band and the other bands are weighted in relation to Band D. (e.g. Band A is weighted 5/9ths of Band D and Band H is 18/9ths of Band D). Using the weighted number of the domestic properties in the area produced the Band D Equivalent number of properties.

Best Value

Under the Local Government Act 1999, Local Authorities must constantly aim to improve their services. Best Value was the approach introduced that gives Local Authorities a duty to provide local people with high-quality and efficient services.

Billing Authority

This is the Local Authority which collects the Council Tax for its area. In shire counties the District or Borough Council is the billing Authority.

Budget

A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business rates (National Non-Domestic Rates – NNDR)

Businesses pay these rates instead of Council Tax. Each year, the Government sets the rate in the pound and business rates are collected by the billing authority. The amount charged is based on multiplying the rateable value of each business property by the national rate in the pound. From 1 April 2013 Government reforms have amended this process by allowing some degree of Business Rate retention.

Business Rate Retention Scheme

Councils are able to keep a proportion of the business rates revenue as well as growth on the revenue that is generated in their area. It provides a direct link between business rates growth and the amount of money councils will have to spend on local people and local services.

Capital Adjustment Account

Resources set aside to meet past capital expenditure.

GLOSSARY

Capital programme

Our plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital receipt

Income from selling assets that have a long-term value. Capital receipts can be used to finance new capital expenditure within rules set by central government, but they cannot be used to finance day-to-day spending.

Capital spending

Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as vehicles.

Capital spending charged to revenue

Paying for capital spending direct from the Council's revenue monies.

Cash-flow statement

Summarises cash paid to and received from other organisations and individuals for capital and revenue purposes.

CIPFA

Chartered Institute of Public Finance and Accountancy. One of the major accountancy institutes which specialises in the public sector.

Collection Fund

A fund managed by the billing Authority (this Council) to receive Business Rates income and Council Tax income. It is also used to make payments to the national business rates pool and to pay a share of Council Tax collected to the County Council, Police Authority, this Council and the town and parish councils.

Contingent liability

A possible liability which may arise when we know the outcome of outstanding claims made against us.

Corporate and democratic core

Spending relating to the need to co-ordinate and account for the many services we provide to the public including the cost of member representation and activities associated with public accountability.

Council Tax

A tax charged on domestic householders based on which of eight Council Tax Bands their property falls into. There is a reduction for empty properties or if you live on your own. From 1 April 2013 councils must have a Council Tax Reduction Scheme which allows for Council Tax reductions of people, or classes of people, that are considered to be in financial need. In Warwickshire, the District or Borough Council issues Council Tax bills and collects the Council Tax.

Council Tax Base

An assessment by each billing Authority of the number of converted to Band D equivalents (the average band) properties, after allowing for non-collection and new properties, on which a tax can be charged.

Creditors

People or organisations we owe money to for work, goods or services which have not been paid for by the end of the financial year.

Current assets

Short-term assets that constantly change in value such as stocks, debtors and bank balances.

GLOSSARY

Current liabilities

Monies that are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost

The current service cost is the increase in the value of the pension scheme's future pension liabilities arising from the employee's on-going membership of the pension scheme.

Current spending

The yearly running costs of Local Authorities, not including specific grants and the cost of buying our assets.

Curtailment costs

Curtailment costs are the amounts of money that are paid to a new pension scheme when a defined group of staff transfer from one pension scheme to another. The costs represent the value of the pension rights accrued by the transferring staff.

Debtors

People who owe us money that is not paid by the end of the financial year.

Depreciation

The drop in the value of assets such as buildings and vehicles which reflects wear and tear, age and the asset becoming out of date.

Earmarked reserves

Money set aside for a specific purpose.

Fair Value

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

Financial Reporting Standard (FRS)

Recommendations on the way we need to treat certain items in our accounts.

General reserves

Money set aside to be used in the future to meet unforeseen eventualities.

Government grants

Payment by the Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or to fund local services generally (revenue support grant).

Gross spending

The cost of providing our services before allowing for government grants or other income.

International Financial Reporting Standards (IFRS)

Accounting standards/ practices on the way we need to treat certain items in our accounts.

Inventories

Goods bought which have not yet been used.

Leasing

A method of renting the use of vehicles, machinery and equipment. The items do not belong to us, but are the property of the leasing company to whom we pay rentals.

Liabilities

Money we will have to pay to people or organisations in the future.

GLOSSARY

Loss

The amount left over when expenses are higher than all income received.

Material related-party transactions

Two or more organisations are 'related parties' if, during the year, one of them has some form of control over the other. By 'material' we mean of 'significant value'.

Minimum revenue provision (MRP)

The statutory minimum amount by which the Council must set aside each year to repay loans.

Net book value

The value of an asset after depreciation.

Net spending

The cost of providing a service after allowing for specific grants and other income from fees and charges (i.e. not including Council Tax and money from the Government).

Non-distributed costs

Past service pension costs including settlements and curtailments which are not to be included in total individual service costs.

Notional

An accounting entry where there is no actual cash transfer.

Operating leases

When we lease goods using this type of lease, ownership of the goods and any profits or losses remain with the company (the lessor) leasing the goods to us.

Overheads

Spending on items not directly related to the supply of our services, for example, office cleaning costs.

Past service costs

The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Pensions interest cost and expected return on assets

All members of the scheme are one year older. The pensions interest cost is the increase in the value of the liabilities that arise because those liabilities are one year closer to being paid. The return on assets is the value of the return expected to be achieved on the fund's investments in the long term.

Petty Cash

Small sums of cash kept by departments to pay minor expenses.

Precept

The amount each non-billing Authority, (County Council, Police Authority) asks a billing Authority (this Council) to collect every year to meet their spending.

Property, Plant and Equipment

An item that is intended to be used for several years such as a building or a vehicle.

Provisions

Money set aside to meet specific service liabilities, and to meet spending.

Prudential Code

A statutory code of practice that sets out the framework for Local Authority capital finance that ensures:

- Capital expenditure plans are affordable;

GLOSSARY

- All external borrowing and other long term liabilities are within prudent and sustainable levels; and
- Treasury management decisions are taken in accordance with professional good practice.

Rateable Value (RV)

A value placed on all non-domestic properties (businesses) on which rates have to be paid, broadly based on the rent that the property might earn, after deducting the cost of repairs and insurance. The rateable value is determined by the Inland Revenue's Valuation Office Agency.

Reconciliation

A reconciliation explains how figures are worked out, and shows how they are used in different statements in our accounts.

Reimbursements

Payments we receive for work we do for other public organisations, for example, the Government.

Reserves and funds

Savings we have built up from surpluses.

Revaluation Reserve

Store of gains on the revaluation of fixed assets.

Revenue spending

Spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from Council Tax, government grants, fees and charges.

Revenue Support Grant

The main government grant to support local authority services.

Soft Loans

Loans made at less than the market rate of interest.

Specific grants

Payments from the Government to cover Local Authority spending on a particular service or project. Specific grants are usually a fixed percentage of the costs of a service or project.

Surplus

The remainder after taking away all expenses from income.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK DISTRICT COUNCIL

We have audited the financial statements of Warwick District Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes (these included the Expenditure and Funding Analysis Note on page 19). The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report, and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK DISTRICT COUNCIL

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Governance Statement and the Annual Report for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

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

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

Scope of the review of the Authority's arrangements for securing economy, efficiency

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to 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. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK DISTRICT COUNCIL

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

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

We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2017 in accordance with the requirements of the Act and the Code of Audit Practice until we have completed our consideration of objections brought to our attention by local authority electors under Section 27 of the Act. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Grant Patterson
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

Xx September 2017

ANNUAL GOVERNANCE STATEMENT

1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require the Council to prepare an annual governance statement.
- 1.2 Governance is about how an organisation is directed and controlled in order to achieve its objectives. It therefore comprises the systems, structures and values that an organisation has in place to achieve those objectives. Good governance requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct.
- 1.3 Good governance comprises robust systems and sound structures together with more esoteric characteristics such as effective leadership and high standards of behaviour. In short, governance is "Doing the right things, in the right way."

2. THE PURPOSE OF THE ANNUAL GOVERNANCE STATEMENT

- 2.1 This Statement provides a summarised account of how our management arrangements are set up to meet the principles of good governance set out in our Constitution and how we obtain assurance that these are both effective and appropriate. It is written to provide the reader with a clear, simple assessment of how the governance framework has operated over the past financial year and to identify any improvements made and any weaknesses or gaps in our arrangements that need to be addressed.

3. THE COUNCIL'S GOVERNANCE FRAMEWORK

- 3.1 Warwick District Council must operate in accordance with the law and appropriate standards and ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 3.2 Warwick District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.
- 3.3 In discharging these responsibilities Warwick District Council is responsible for putting in place suitable governance arrangements, including provisions for the management of risk.
- 3.4 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 3.5 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore provide only reasonable and not absolute assurance of effectiveness.
- 3.6 Warwick District Council has approved and adopted a code of corporate governance that is consistent with the principles of the CIPFA/SOLACE¹ Framework for Delivering Good Governance in Local Government that was issued in 2012. The CIPFA/SOLACE Framework was updated and re-issued during 2016, however, and the Council therefore needs to revise its Local Code to reflect the changes.

¹ Chartered Institute of Public Finance & Accountancy / Society of Local Authority Chief Executives

ANNUAL GOVERNANCE STATEMENT

- 3.7 The Council's Corporate Strategy is the Sustainable Community Strategy which draws together a shared vision, setting out the Council's objectives and priorities for the District and how these are to be achieved.
- 3.8 It is complemented by the Fit For the Future change programme and together these represent the key planning documents for the Council.
- 3.9 Delivery of the Council's change programme is through the Service Area Plans in which the corporate objectives are translated into more specific aims and objectives. These are then fed down into individual performance development reviews through the council's performance appraisal system. These all include agreed expectations and, where appropriate, service standards against which service quality and improvement can be judged. Performance is monitored by individual services.
- 3.10 Warwick District Council has adopted a Constitution that establishes the roles and responsibilities for members of the Executive, Finance & Audit Scrutiny Committee, Overview & Scrutiny Committee and Standard Committees, together with officer functions. It includes details of delegation arrangements, the Members' Codes of Conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose. The Council has adopted a Standards regime pursuant to the Localism Act 2011 and appointed a Standards Committee from 1 July 2012. Conduct of officers is governed through the Employee Code of Conduct and through the values and behaviours which are part of the Council's individual performance appraisal system.
- 3.11 The Constitution contains procedure rules and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by post-holders' membership (whether permanent or 'as required') of the Corporate Management Team.
- 3.12 In 2010 CIPFA published a statement on the Role of the Chief Financial Officer (CFO) in local government, setting out core principles and standards relating to the role of the CFO and how it fits into the organisation's governance arrangements.
- 3.13 A specific statement is required to be reported in the Annual Governance Statement on whether the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement.
- 3.14 The governance requirements in the Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Report, together with how these deliver the same impact.
- 3.15 The Head of Finance has confirmed that the Council's financial management arrangements conform to the CIPFA Statement other than in three specific aspects:
- Head of Finance reporting directly to Chief Executive.
 - Head of Finance being a member of Leadership Team.
 - Head of Finance having responsibility for Asset Management.
- 3.16 The Council's view is that the way it operates – the Head of Finance's regular attendance at Corporate Management Team/Executive meetings, budget planning meetings, and numerous ad-hoc meetings – enables the officer to have unhindered access to the most senior officer as well as senior members. The Head of Finance reports to the Deputy Chief Executive/Monitoring Officer. This approach has subsisted

ANNUAL GOVERNANCE STATEMENT

for several years without any apparent problems; consequently, the Council considers that the risk of there being any detriment to the authority is low.

- 3.17 With regard to asset management, responsibility for this comes under the Head of Housing & Property Services as that is where the expertise and the operational work lies. (Housing and Property functions are to be separated from 2017/18.)
- 3.18 The Council will continue to keep all reporting and responsibility arrangements under review and will discuss any perceived shortcomings with the Council's external auditors if and when they arise.
- 3.19 The primary counterbalances to the Executive are the Finance & Audit Scrutiny and the Overview & Scrutiny Committees. The role of these committees is to provide a robust challenge to the Executive.
- 3.20 The Finance & Audit Scrutiny Committee monitors the performance of the Council, fulfilling the Council's audit committee core functions in respect of External Audit, Internal Audit and Risk Management. The Committee can, and does, request assurance from the relevant Executive member (Portfolio Holder) and/or senior manager when it has concerns or queries, or simply requires assurance, in respect of a matter relating to a particular service area.
- 3.21 The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council or on the conduct of Members. The Standards Committee has responsibility for overseeing the investigation of complaints against Members.
- 3.22 The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud and Corruption Strategy and Policies, including the Council's Fraud Response Plan, Whistleblowing, Money Laundering and Bribery Act 2010 Policies have been developed and communicated to all staff via the intranet and as part of the Staff Induction process. The Anti-Fraud and Corruption Strategy and the Whistleblowing Policy are reviewed by Members annually.
- 3.23 The Council has embedded Risk Management throughout its activities with the Significant Business Risk Register (in effect, the Council's corporate and strategic risk register) being reviewed and updated each quarter, firstly by the Senior Management Team and then by the Finance & Audit Scrutiny Committee before finally reaching the Executive.
- 3.24 Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications are in place for all posts and together with a rigorous recruitment and selection process this helps to ensure that the best candidates are appointed into each position. A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost. Training needs are identified through the performance appraisal system.
- 3.25 The individual performance appraisal system has been operated in the council for a number of years, having been reviewed and subsequently refined on several occasions. Staff are measured against operational objectives that are linked through to the Corporate Strategy and Fit For the Future via service objectives. The performance appraisal system also identifies developmental and training needs to ensure that appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.

ANNUAL GOVERNANCE STATEMENT

- 3.26 In May 2015 Warwick District Council elected a new Council. The Council put in place a Member induction programme, with training sessions around the internal operation of the council and information about the council's services. All Members received Code of Conduct and IT training. The Planning and Licencing Committees held induction training for their members. The Planning Committee holds regular workshops and Full Council workshops have been arranged for all Members, when required.
- 3.27 The Council continues to ensure it is open and accessible to the community. In 2016/17 it has:
- Published further information on the transparency section of the website to meet new guidelines.
 - Enhanced its consultation activity concerning budget setting. For example, a meeting was held with local business representatives to discuss the Council's budget proposals, along with other matters of mutual interest (primarily business rates revaluation).
- 3.28 All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council. When identifying the priorities and objectives for the Strategic Plan the views of stakeholders and the wider community are sought through a number of consultation mechanisms, and are taken into account. The Strategic Plan is made available to all via the Council's website.
- 3.29 During 2016/17 the Council's Scrutiny Committees looked at various areas of Council decision-making and service delivery, including the introduction of charges for waste containers as well as action on letting boards. In addition, 'Task and Finish' groups were set up to review Houses in Multiple Occupation (HIMOs) and Car Parking Charges.
- 3.30 There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision-making process. Key partnerships include the Coventry and Warwickshire Local Enterprise Partnership and South Warwickshire Crime and Disorder Partnership. We also work closely with several other councils and operate shared services for Building Control, Business Rates, Corporate Fraud and Legal Services.

4. REVIEW OF EFFECTIVENESS

- 4.1 Warwick District Council is required under legislation to conduct an annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit & Risk Manager's annual report, and also by the findings and reports issued by the external auditors and other review agencies and inspectorates.
- 4.2 More information on the arrangements that provide this assurance is set out below.
- 4.3 The Council's Monitoring Officer (a Deputy Chief Executive) has responsibility for overseeing the implementation and monitoring the operation of the Code of Corporate Governance, maintaining and updating the Code in the light of latest guidance on best practice, considering any changes that may be necessary to maintain it and ensure its effectiveness in practice. All reports to Executive, Committees and Council are seen by the Monitoring Officer to ensure compliance with legal requirements.
- 4.4 The Council's Section 151 Officer has responsibility for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing the Code of Financial Practice to ensure they remain fit for purpose, and

ANNUAL GOVERNANCE STATEMENT

submitting any additions or changes necessary to the full Council for approval. The Section 151 Officer is also responsible for reporting, where appropriate, breaches of the Code of Financial Practice to the Executive and/or the Council. All reports to Executive, Committees and Council are seen by the Section 151 Officer to ensure compliance with financial requirements.

- 4.5 The Council's Internal Audit Service is required to provide annually an independent and objective opinion to the Authority on its risk management, governance and control environment. In regard to this, the Audit and Risk Manager's Annual Report and Opinion for 2016/17 concluded that, in overall terms, the areas audited were adequately managed and controlled.
- 4.6 In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all heads of services on the effectiveness of the internal control environment. A review of the service assurance statements, as they are called, concluded that, based on this self-assessment, effective controls were in place.
- 4.7 The work of the Council's Internal Audit function is governed by the UK Public Sector Internal Audit Standards (PSIAS). The PSIAS are mandatory for all internal auditors working in the UK public sector. An internal assessment of the performance of Internal Audit and its conformance with the PSIAS has been undertaken and the findings of this review have been reported to Members for their consideration as part of the Audit and Risk Manager's Annual Report and Opinion. An essential element of this assessment is to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance.
- 4.8 Grant Thornton was appointed as the Council's External Auditor from 1 September 2012 and is responsible for reviewing the Council's Statements of Accounts. In addition to reviewing the 2016/17 Statement of Accounts, Grant Thornton issued a formal opinion on the Council's arrangements for securing Value for Money, concluding that the Council had made appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 4.9 The Council is required to appoint new auditors prior to the 2018/19 financial year, for which the Council has agreed to opt in to the Public Sector Audit Appointments arrangements. This means that rather than run the procurement exercise itself, which would be extremely time-consuming and therefore costly, it is utilising the resources and expertise of a body specially set up to assist local authorities appoint their external auditors.

5 GOVERNANCE ISSUES

- 5.1 Although no significant governance issues have been identified, some lesser areas of importance have been recognised. These are set out below:
 1. The need to ensure that lessons are learned corporately from the Electrical Maintenance Contract Procurement.
 2. The requirement to update the Council's Local Code of Corporate Governance in the light of recently-revised CIPFA/SOLACE guidance.

ANNUAL GOVERNANCE STATEMENT

6 CERTIFICATION

- 6.1 The governance framework has been in place at Warwick District Council for the year ended 31 March 2017 and up to the date of approval of the annual statement of accounts.
- 6.2 Action will be taken to address the governance matters that have been identified.

Signed:

Andrew Mobbs
Leader of the Council

Chris Elliott
Chief Executive

Dated:

6 June 2017

6 June 2017

The Audit Findings for Warwick District Council

Year ended 31 March 2017

August 2017

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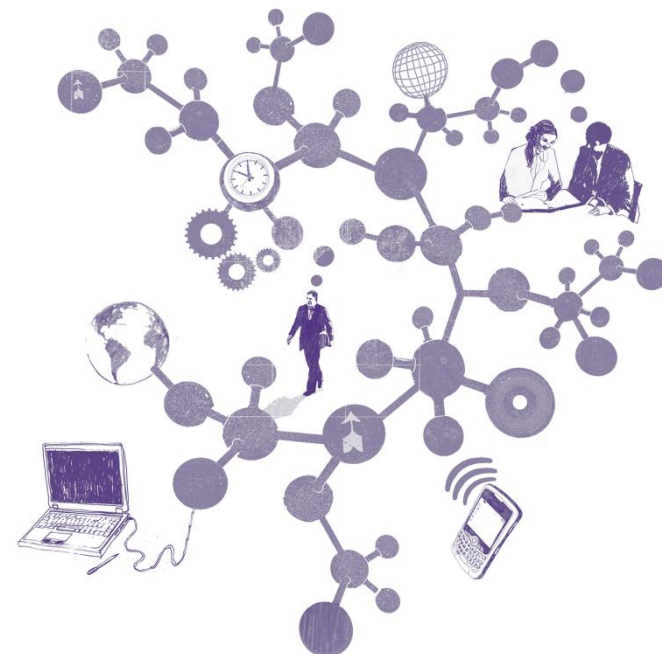
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30th August 2017

Dear Members

Audit Findings for Warwick District Council for the year ending 31 March 2017

This Audit Findings report highlights the key findings arising from the audit that are significant to the responsibility of those charged with governance (in the case of Warwick District Council, the Finance and Audit Scrutiny Committee), to oversee the financial reporting process, as required by International Standard on Auditing (UK & Ireland) 260, the Local Audit and Accountability Act 2014 and the National Audit Office Code of Audit Practice. Its contents have been discussed with officers.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland) ('ISA (UK&I)'), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements and giving a value for money conclusion. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours sincerely

Grant Patterson
Engagement lead

Chartered Accountants

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Appendices

- A Action plan
- B Audit opinion

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Purpose of this report

This report highlights the key issues affecting the results of Warwick District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2017. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of ISA (UK&I) 260, and the Local Audit and Accountability Act 2014 ('the Act').

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. .

We are also required to consider other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report, whether it is consistent with the financial statements, apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Council acquired in the course of performing our audit; or otherwise misleading.

We are required to carry out sufficient work to satisfy ourselves on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion'). Auditor Guidance Note 7 (AGN07) clarifies our reporting requirements in the Code and the Act. We are required to provide a conclusion whether in all significant respects, the Council has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year.

The Act also details the following additional powers and duties for local government auditors, which we are required to report to you if applied:

- a public interest report if we identify any matter that comes to our attention in the course of the audit that in our opinion should be considered by the Council or brought to the public's attention (section 24 of the Act);
- written recommendations which should be considered by the Council and responded to publicly (section 24 of the Act);
- application to the court for a declaration that an item of account is contrary to law (section 28 of the Act);
- issue of an advisory notice (section 29 of the Act); and
- application for judicial review (section 31 of the Act).

We are also required to give electors the opportunity to raise questions about the accounts and consider and decide upon objections received in relation to the accounts under sections 26 and 27 of the Act.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated 4 April 2017. This Audit Findings Report (AFR) updates and replaces our Interim AFR reported to the Audit and Finance Scrutiny Committee on 25th July 2017.

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the agreed timetable. Our audit is substantially complete although we are finalising our procedures in the following areas:

- completion of work on investments following receipt of one outstanding investment confirmation
- review of the final version of the financial statements
- obtaining and reviewing the management letter of representation
- review of revised versions of the Annual Governance Statement and
- updating our post balance sheet events review, to the date of signing the opinion

Key audit and financial reporting issues

Financial statements opinion

We have identified one adjustment to the accounts of £763k where debtors and creditors have been overstated by an equal amount. This has no impact on the Council's reported financial position. In addition, we have found four further errors where officers have proposed not to adjust on the basis that the sum is not material to a reader of the accounts. Details of these errors and adjustments are recorded in section two of this report. We have also recommended a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- As described in our interim audit findings report to members on the 25th July, the audit has identified a number of areas where processes and working papers could be improved to ensure that the Council achieves the earlier statutory deadline of the 31st July next year.
- The Council had not revalued all of the Investment Properties that it owns, which is a requirement of the Code. Officers were able to instruct the valuer to perform a desktop valuation of the Investment Properties that had not been valued in year and demonstrate that there was no material difference between the carrying value and current value. This has been recorded as an unadjusted error.
- Testing of creditor balances identified three separate errors in the population. Officers have agreed to amend for one of these errors, with the remaining errors being unadjusted as these are not considered material. Members of the Committee will be asked to confirm their agreement not to amend the accounts for these.
- We have identified a number of disclosure issues in relation to estimates and critical judgements. There are some key areas in the accounts, such as the asset valuations and the pension liability, where the Council relies on experts to produce estimates in the accounts. As these remain the responsibility of the Council greater evidence should be provided to the challenge that the assumptions used by experts are reasonable and appropriate for the Council.

Further details are set out in section two of this report. We anticipate providing a unqualified audit opinion in respect of the financial statements (see Appendix B).

Other financial statement responsibilities

As well as an opinion on the financial statements, we are required to give an opinion on whether other information published together with the audited financial statements is consistent with the financial statements. This includes if the Annual Governance Statement (AGS) and Narrative Report are misleading or inconsistent with the information of which we are aware from our audit.

Based on our review of the Council's Narrative Report and AGS we are satisfied that they are consistent with the audited financial statements. We are also satisfied that the AGS meets the requirements set out in the CIPFA/SOLACE guidance and that the disclosures included in the Narrative Report are in line with the requirements of the CIPFA Code of Practice.

Controls

Roles and responsibilities

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council.

Findings

Our work has not identified any control weaknesses which we wish to highlight for your attention. Further details are provided within section two of this report.

Value for Money

Based on our review, we are satisfied that, in all significant respects, the Council had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Further detail of our work on Value for Money are set out in section three of this report.

Other statutory powers and duties

Members will recall that we received four objections to the 2013/14 accounts from local electors, asking us to either produce a report in the public interest or seek a declaration from the court that the accounts included unlawful items of income or expenditure.

All but one of these objections were determined during 2014/15. However we were unable to conclude on the objection in relation to the alleged disproportionate costs of legal action taken to recover unpaid Council Tax from an individual as the legal process, which is the subject matter of the objection, remained on-going. During 2016/17, it appeared that the legal process had run its course, and we carried out the necessary investigations in relation to the objection and issued a statement of provisional views to the objector and the Council, allowing both sides to make representations before we issued our final decision. We considered the representations made and have now prepared our final decision. However, the objector has now made an application for Judicial Review of this matter. We have therefore withheld our final decision until there is greater clarity about this new Judicial Review Process.

During 2014/15 we also received a further objection in relation to the same issue from a different local elector, and this will also need to be considered once the legal process has concluded. Again, we have undertaken the necessary work and our decision is ready to be issued pending greater clarity on the new Judicial Review Process.

As a result we have not therefore been able to certify formal completion of the 2013/14 audit, the 2014/15 audit, the 2015/16 audit and in view of the fact that the related expenditure continued into 2016/17, nor can we at this stage certify completion of the 2016/17 audit. We are satisfied, however, that the possible impact of these objections is not material to our opinion.

In addition to the outstanding objections in relation to prior years, we can also confirm to members that we have received two valid objections in relation to the 2016/17 accounts. Both of these objections include elements of previous objections that have either been concluded on or remain open as a result of ongoing legal action. Our initial evaluation of these objections confirms that the impact of these new objections are not material to the opinion, and therefore we would still anticipate issuing our opinion on the financial statements.

We have not identified any other issues that have required us to apply our statutory powers and duties under the Act.

Grant certification

In addition to our responsibilities under the Code, we are required to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. At present our work on this claim is in progress and is not due to be finalised until 30 November 2017. We will report the outcome of this certification work through a separate report to Finance and Audit Scrutiny Committee which is due in February 2018.

The way forward

Matters arising from the financial statements audit and our review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Head of Finance.

We have also discussed the issues arising from our additional statutory powers and duties with the Head of Finance.

We have made a number of recommendations, which are set out in the action plan at Appendix A. Recommendations have been discussed and agreed with the Head of Finance and the finance team.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
August 2017

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of ISA (UK&I) 320: Materiality in planning and performing an audit. The standard states that 'misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements'.

As we reported in our audit plan, we determined overall materiality to be £1,258k (being 2% of gross revenue expenditure). We have considered whether this level remained appropriate during the course of the audit and have made no changes to our overall materiality.

We also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulated effect of such amounts would have a material impact on the financial statements. We have defined the amount below which misstatements would be clearly trivial to be £62,900. This remains the same as reported in our audit plan.

As we reported in our audit plan, we identified the following items where we decided that separate materiality levels were appropriate. These remain the same as reported in our audit plan.

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in notes to the statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£20,000
Related party transactions	Due to public interest in these disclosures and the statutory requirement for them to be made. In setting a materiality level these will be considered on a case by case basis as this will be determined not only on the basis of materiality for the Council, but also for the third party.	£20,000

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK&I) 320)

Audit findings against significant risks

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Warwick District Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Warwick District Council, mean that all forms of fraud are seen as unacceptable. 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK&I) 240 it is presumed that the risk of management over-ride of controls is present in all entities.</p>	<ul style="list-style-type: none"> • review of journal entry process and control environment • review of accounting estimates, judgements and decisions made by management • selection of unusual journal entries for testing back to supporting documentation • review of unusual significant transactions 	<p>Our audit work has not identified any evidence of management over-ride of controls. In particular the findings of our review of journal controls and testing of journal controls and testing of journal entries has not identified any significant issues.</p> <p>While we have not identified any significant issues from our testing, we have discussed with officers the format of the reporting available in relation to journals. While improvements have been made from the prior year the reporting from the system still does not easily provide officers with a full population of journal entries. Instead a variety of reports were needed and then explanations gained for where journals have been removed. As journals are a key way the financial accounts can be manipulated it is important that the population can be reviewed in the most efficient manner. We have discussed with officers the further improvements that need to be made to the system and a recommendation is included in the action plan at Appendix A.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgements.</p>

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK&I) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK&I) 550)

Audit findings against significant risks (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we have completed to address these risks.

Risks identified in our audit plan	Work completed	Assurance gained and issues arising
<p>Valuation of pension fund liability</p> <p>The Council's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.</p>	<ul style="list-style-type: none"> Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated and assessed whether these controls were implemented as expected and sufficient to mitigate the risk of material misstatement Reviewed the competence, expertise and objectivity of the actuary who carried out your pension fund valuation, and gained an understanding of the basis on which the valuation was carried out. Undertaken procedures to confirm the reasonableness of the actuarial assumptions made. Reviewed the consistency of the pension fund asset and liability and disclosed in notes to the financial statements with the actuarial report from your actuary. 	<p>Our work has not identified any significant issues in relation to the estimate made in the financial statements.</p> <p>A key part of the work we carry out in relation to this estimate is to confirm the reasonableness of the actuarial assumptions made. While we have sufficient assurance that these assumptions are reasonable, there is limited evidence of challenge of the assumptions used and the actuarial output by officers of the authority. As this is a material estimate we have suggested to officers that a more detailed working paper could be produced which compares the estimates used by the actuary to the final year end position.</p>
<p>Changes to the presentation of local authority financial statements</p> <p>CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice.</p> <p>The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.</p>	<ul style="list-style-type: none"> We have documented and evaluated the process for the recording of the required financial reporting changes to the 2016/17 financial statements. We have reviewed the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. We have reviewed the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). Tested the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. Tested the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. Tested the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. Reviewed the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice. 	<p>Our work has identified the following issues in relation to the 'Telling the Story' changes to financial statements.</p> <p>The positioning of the Expenditure and Funding Analysis statement before the primary statements does not make it clear that this is actually a note to the accounts. There has been substantial debate around the positioning of this statement within the accounts nationally, however we have agreed with officers that the current position within the draft statements is appropriate providing it is clearly marked as a note to the accounts. The wording of the opinion will reflect this change.</p> <p>Note 8 to the accounts is a new note this year and analyses Expenditure and Income by Nature. This note includes support services recharges in both income and expenditure. We have agreed with officers that these lines should be removed so that the note agrees to the CIES.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses are attached at appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	<p>Non-pay expenditure represents a significant percentage of the Council's gross expenditure. Management uses judgement to estimate accruals of un-invoiced non-pay costs.</p> <p>We identified the completeness of non-pay expenditure in the financial statements as a risk requiring particular audit attention:</p> <ul style="list-style-type: none"> Creditors understated or not recorded in the correct period (Operating expenses understated) 	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding documented our understanding of the accruals process Tested a sample of payments made after year end to ensure that liabilities have been recorded in the correct period Tested a sample of goods received but not yet invoiced to identify any items which have not been accrued for correctly 	<p>Our testing of creditors identified three errors as follows;</p> <ol style="list-style-type: none"> Creditor and debtor balances are both overstated by £763k. Parish Council precepts for 17/18 have been included within these balances incorrectly. The creditors balance as per the ledger for central government and WCC were not reconciled to the CIPFA model used to determine the payments made in relation to NNDR for a number of years. This has resulted in an understatement of creditors in the year of £191k A legacy balance relating to income in advance was identified in the creditors sample of £15k. This is not a genuine creditor, and creditors have been overstated by this amount. <p>As reported on page 19 the Council has adjusted its accounts for Item 1. For Items 2 and 3 above we have evaluated the potential uncertainty they would indicate within the total creditors population as £317k. We are therefore satisfied there is a low risk of the accounts being materially misstated. Management is therefore proposing not to adjust these balances and both are reported as unadjusted misstatements on page 20.</p>

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK&I) 315)

Audit findings against other risks continued

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Employee remuneration	<p>Payroll expenditure represents a significant percentage of the Council's gross expenditure.</p> <p>We identified the completeness of payroll expenditure in the financial statements as a risk requiring particular audit attention:</p> <p>Employee remuneration accruals understated (Remuneration expenses not correct)</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> documented our understanding of processes and key controls over the transaction cycle undertaken walkthrough of the key controls to assess the whether those controls were in line with our documented understanding performed a reconciliation to ensure that information from the payroll system can be agreed to the general ledger and financial statements completed a trend analysis of monthly payroll data tested a sample of employee remuneration payments to ensure they have been calculated and accounted for correctly 	Our audit work has not identified any issues in respect of employee remuneration

Going concern

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK&I) 570).



We reviewed the management's assessment of the going concern assumption and the disclosures in the financial statements and concluded that the going concern basis is appropriate for the 2016/17 financial statements.

Significant matters discussed with management

	Significant matter	Commentary
1.	Working papers to support the accounts and early close	<p>The Council has made significant efforts to produce its accounts earlier and servicing the audit of the accounts. This has enabled us to complete all of our significant fieldwork by the 31st July this year, but as noted below we were not in the position to issue our audit opinion. Looking forward, to meet committee deadlines and the processes necessary to formally approve the accounts the timeline for next year needs to be shortened by at least a further two weeks. To do this officers need to critically review the processes they have in place for closedown of the accounts and consider how efficiencies can be made by doing things differently. Our experience this year has shown that the faster close has primarily been achieved by doing the same things earlier. During the audit we have highlighted to officers key areas where processes could be streamlined and we will continue to work with you during the year to help you meet the deadline next year.</p> <p>Last year we reported on the quality of the working papers to support the financial statements and commented that some of these were often difficult to locate, or didn't fully support the balances and disclosure in the accounts. This remains unchanged. As in previous years we have worked with officers to gain the information we need to complete the audit, including adding to officers existing working papers or creating our own to demonstrate how balances and disclosures in the accounts are supported. We highlighted in our interim report to members that this has slowed the audit down this year and is one of the key reasons we have not been able to sign off by the 'dry run' target deadline of the 31st July.</p> <p>We provide officers with a detailed list of working papers required to support the accounts production process as part of planning the audit. While this has been used, the working papers provided against the request do not always provide the assurance needed, often relying on copies of ledger prints with no explanation. Many other authorities ensure that this requirement is met via a quality assurance process of the working papers to support the financial statements, with a different officer reviewing the working papers produced and verifying that they are fit for purpose prior to the working papers being made available for audit. This does not have to be completed at the end of the process, it can be an ongoing process as working papers are being produced. A good working paper should be sufficiently detailed and complete that a fellow professional with no previous experience of the Council can understand the working papers in terms of the work completed, the conclusions reached and the reasoning behind these conclusions. This will need to be a key area of focus next year if the audit is to be completed by the earlier statutory deadline of the 31st July.</p>
2.	Decluttering of the accounts	<p>The Council continues to make progress in this area, but there is still more that it could do. As part of the audit this year we have highlighted immaterial notes that are no longer required, and these have been removed in the final set of the financial statements. While we appreciate that a more fundamental 'first principles' review of the accounts is time consuming in the first year, our experience of others has shown that this often brings greater clarity to the financial statements and this in turn leads to more streamlined processes and efficiencies in the long run.</p>

Accounting policies, estimates and judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	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 of service potential associated with the transaction will flow to the Council.	<ul style="list-style-type: none"> The Council's policy is appropriate and consistent with the relevant accounting framework – the Local Government Code of Accounting Practice. Minimal judgement is involved. The accounting policy is properly disclosed. 	 (Green) Accounting policy appropriate and disclosures sufficient
Judgements and estimates	<ul style="list-style-type: none"> Key estimates and judgements include: <ul style="list-style-type: none"> Valuation and classification of assets, Useful life of assets, Provisions, Pension liability, and Accruals. 	<p>We have considered:</p> <ul style="list-style-type: none"> Appropriateness of policy under relevant accounting framework, Extent of judgement involved Potential financial statement impact of different assumptions Adequacy of disclosure of accounting policy. <p>Overall there is sufficient assurance over how key estimates and judgements have been made, however we would note the following points.</p> <p>Our review of the classification of assets identified that there was limited evidence to support the classification of assets into investment properties, with the decision being made on an annual basis by the finance staff based on annual rental values. This was reported as part of the AFR last year. The decision to hold investment properties should be based on the asset management strategy for the authority, and there should be clear links between this and the assets classified as investment properties within the financial statements.</p> <p>The Council have determined that it will value its housing stock on the 1st April, and as such the value recorded in the accounts is as at the 1st April 2017 rather than the required 31st March 2017. We accept officers rationale as to why this would not produce a material difference in valuation, however have requested that this judgement is formally recorded in the financial statements.</p>	 (Amber) Accounting policy appropriate but scope for improved disclosure



Assessment

 Marginal accounting policy which could potentially attract attention from regulators (Red)


 Accounting policy appropriate and disclosures sufficient (Green)

 Accounting policy appropriate but scope for improved disclosure (Amber)

Accounting policies, estimates and judgements continued


Accounting area	Summary of policy	Comments	Assessment
Judgements and estimates	<ul style="list-style-type: none"> Key estimates and judgements include: <ul style="list-style-type: none"> Valuation and classification of assets, Useful life of assets, Provisions, Pension liability, and Accruals. 	<p>Pension Liabilities are a key estimate in the accounts. We have reviewed the estimation technique used in determining this estimate and are satisfied with the methodology used.</p> <p>The Council uses an external valuer to value its properties. As a significant estimate in the accounts the Council should consider better documenting its challenge of the assumptions used by the valuer and their appropriateness for the Council</p>	 <p>(Amber)</p> <p>Accounting policy appropriate but scope for improved disclosure</p>
Going concern	The Head of Finance, as s151 officer has a reasonable expectation that the services provided by the Council will continue for the foreseeable future. Members concur with this view. For this reason, the Council continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Council's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2016/17 financial statements.	 <p>(Green)</p> <p>Accounting policy appropriate and disclosures sufficient</p>

Assessment

-  Marginal accounting policy which could potentially attract attention from regulators
-  Accounting policy appropriate and disclosures sufficient

-  Accounting policy appropriate but scope for improved disclosure

Accounting policies, estimates and judgements continued

Accounting area	Summary of policy	Comments	Assessment
Other accounting policies	We have reviewed the Council's policies against the requirements of the CIPFA Code of Practice	<p>The Council's accounting policies are generally appropriate and consistent with previous years. However, during the course of the audit we have identified some areas where the accounting policies could be made clearer, particularly in respect of the frequency of the valuation of Investment Properties. In addition, there are some accounting policies that are included that do not relate to material areas of the accounts, and as such these could be removed.</p> <p>We also noted that the accounting policies do not include a de minimus level for accruals of income and expenditure, however in practical terms officers do not accrue for housing benefit expenditure around year end, as year on year the impact would be immaterial. Officers are going to include this within the accounting policies in the final set of financial statements. Going forward, greater consideration should be given to whether further areas of the accounts would benefit from this treatment, to aid a faster close.</p>	 <p>(Amber)</p> <p>Accounting policy appropriate but scope for improved disclosure</p>

Assessment

- Marginal accounting policy which could potentially attract attention from regulators
- Accounting policy appropriate and disclosure sufficient

- Accounting policy appropriate but scope for improved disclosure

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Finance and Audit Scrutiny Committee and have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
2.	Matters in relation to related parties	<ul style="list-style-type: none"> From the work we carried out, we have not identified any related party transactions which have not been disclosed.
3.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
4.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Council including references in respect of the unadjusted misstatements on page 20.
5.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmation from PWLB for loans and requested from management permission to send confirmation requests for all bank and material investment balances. This permission was granted and the requests were sent. To date all except one of these investment confirmations have been returned with positive confirmation. We are working with officers to ensure this confirmation is received by the date of sign off. In addition, we have noted that there are two accounts held with Bank of Scotland that have not been disclosed in the accounts, the reason for this is that they hold a trivial balance of £23.08. We have reminded officers that it is important from a control perspective to ensure that these accounts are included in the schedule of bank accounts and reviewed and reconciled on a regular basis for unusual activity. Similarly there are three open bank accounts with Santander that have a nil balance and no activity has occurred in these accounts during the year. Officers have explained that these are standard call accounts and need to remain open, however controls still need to be in place to ensure no unusual activity is occurring on these accounts.
6.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements, however we have highlighted some areas where improvements could be made in the future. These are contained within the tables later in this section of the report.
7.	Matters on which we report by exception	<p>We have not identified any issues we would be required to report by exception in the following areas</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit The information in the Narrative Report is materially inconsistent with the information in the audited financial statements or our knowledge of the Group/Council acquired in the course of performing our audit, or otherwise misleading. <p>While there are no issues we are required to report, we have identified some areas for improvement in future years and these have been discussed with officers. In particular the narrative report could be improved with greater use of diagrams and graphs to aid presentation and a clearer focus on value for money. Similarly, revisions to the guidance on the Annual Governance Statement have also suggested that more focus should be made on how the authority achieves value for money.</p>
8.	Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that work is not required as the Council does not exceed the threshold.</p>

Internal controls

The controls were found to be operating effectively and we have no matters to report to the Finance and Audit Scrutiny Committee.

The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

"The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK&I) 265)

Adjusted misstatements

A number of adjustments to the draft accounts have been identified during the audit process. We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year.

Detail		Statement/Notes effected
1	Creditor and debtor balances are both overstated by £763k. Parish Council precepts for 2017/18 have been included within these balances incorrectly. Given the value, officers have agreed to amend for this error in the final version of the financial statements.	Balance sheet and debtors and creditors notes, plus the associated impact on the cash flow statement supporting notes.
Overall impact		£Nil

Unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Finance and Audit Scrutiny Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Reason for not adjusting
1 There is a difference of £159k between what the authority have disclosed in note 5 of the HRA accounts for the total revaluation increase on the housing stock and the amount calculated as part of our review of the revaluation report. As a result the revaluation increase within the accounts is overstated by £159k, as is the value of housing assets on the balance sheet.		£159	Officers are proposing not to adjust on the basis that the sum is not material. We are satisfied that users of the accounts will not be misled by the non-adjustment.
2 The creditors balance as per the ledger for central government and WCC were not reconciled to the CIPFA model used to determine the payments made in relation to NNDR for a number of years. This has resulted in an understatement of creditors in the year of £191k		£191	Officers are proposing not to adjust on the basis that the sum is not material. We are satisfied that users of the accounts will not be misled by the non-adjustment.
3 A legacy balance relating to income in advance was identified in the creditors sample of £15k. This is not a genuine creditor, and creditors have been overstated by this amount.		£15	Officers are proposing not to adjust on the basis that the sum is not material. We are satisfied that users of the accounts will not be misled by the non-adjustment.
4 Not all investment properties were revalued in year as required by the Code. The Council have obtained a desktop valuation of the remaining properties from their valuer which has demonstrated that the value of investment properties is overstated by £481k.		£481	Officers are proposing not to adjust on the basis that the sum is not material. We are satisfied that users of the accounts will not be misled by the non-adjustment.
Overall impact		£846	

Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type		Account balance	Impact on the financial statements
1	Disclosure	Various	<p>Our review of the accounts highlights some improvements that were required to be made to the accounts. None of these were individually significant and they have been made to improve the final presentation and aid clarity for the reader.</p> <p>Examples include a range of typographical errors and some changes to improve consistency in presentation.</p> <p>Examples of these include, removal of some immaterial notes in relation to finance leases, removal of the contingent liability note that was no longer required and to ensure descriptions are provided for all material earmarked balances. In addition we have noted some areas where additional clarity has been needed within the narrative disclosure.</p>
2	Disclosure	Debtors - £5,049k	<p>The debtors note, (note 19) has been restated as the Council has chosen to show this net of the bad debt provision. This treatment is as per the Code, however the bad debt provision last year was £2.1m and as such this is a material restatement and a prior period adjustment note is needed within the financial statements. Officers are to include this in the final version of the statements for approval.</p>
3	Disclosure	Property, Plant and Equipment additions - £14,927k	<p>Note 33 – Capital expenditure and Capital Financing. This note contains a line for Property Plant and Equipment including finance leases of £14,775k. This figure does not include finance leases as this is separately disclosed elsewhere in the note. The narrative needs to be amended accordingly. In calculating this balance, officers also removed the amount of the finance lease twice and therefore the balance needs to be amended to £14,848k. This is a disclosure issue only, and the balances are correctly recorded in the asset register and balance sheet.</p>
4	Disclosure	Post Balance Sheet Events	<p>We have discussed with officers any potential impairment to it's asset base as a result of the findings coming out of the Grenfell Tower disaster in London. We have agreed a revised Post Balance Sheet Event note to be included in the final version of the financial statements which outlines the Council's current position.</p>
5	Disclosure	NNDR rateable value	<p>The VOA rateable value of properties and uniform rate were incorrectly disclosed in note 3 of the collection fund account. Per the VOA schedule the rateable value of properties should be £164,310,437 and the multiplier should be 49.7p. Officers have agreed to amend for this in the final version of the financial statements.</p>
6	Misclassification	Note 25 – Cash Flow Statement – Operating Activities	<p>The changes in debtors line has been incorrectly stated, with a compensating error in the changes in bad debt disclosure. The misclassification is £78k. Officers have agreed to amend for this in the final version of the financial statements.</p>

Misclassifications and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Account balance	Impact on the financial statements
7 Misclassification	Note 33 Capital Expenditure and Financing	The first line under capital investment is called PPE including finance leases. This is incorrect as the amount does not agree to note 14. Finance leases are actually included on a separate line within this disclosure and therefore the narrative needs to be amended. In addition, the amount disclosed is incorrect and should be amended from £14,775k to £14,848k.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Fees, non-audit services and independence

06. Communication of audit matters

Background

We are required by section 21 of the Local Audit and Accountability Act 2014 (the Act) and the NAO Code of Audit Practice (the Code) to satisfy ourselves that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. The Act and NAO guidance state that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2016. AGN 03 identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

AGN03 provides examples of proper arrangements against three sub-criteria but specifically states that these are not separate criteria for assessment purposes and that auditors are not required to reach a distinct judgement against each of these.

Risk assessment

We carried out an initial risk assessment in February 2017 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 4 April 2017.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Significant qualitative aspects

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council's performance against its 2016/17 budget and monitoring, delivery and development of savings plans, and
- The arrangements and progress in delivering key projects and investments that underpin its Medium Term Financial Plan (MFTP).

We have set out more detail on the risks we identified, the results of the work we performed and the conclusions we drew from this work on the following pages.

Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

The text of our report, which confirms this can be found at Appendix B.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendation for improvement as follows.

- As officers work on streamlining the reporting process in response to the recent peer review, consideration should be given as to whether more integrated reporting of savings targets and plans would be appropriate.

Management's response to these can be found in the Action Plan at Appendix A.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Work to address	Findings and conclusions
<p>Medium Term Financial Plan</p> <p>The Council identified savings of £977k as part of the Fit for the Future (FFF) plan in June 2016. The most recent review of corporate budgets produced in November 2016 identified that actual savings were forecast at £1.065m for the year end. In future years the levels of savings are not as significant until the Council reaches 2020/21. This is the year a number of the major contracts are due for renewal, and it is anticipated that this, along with other pressures, will present a significant challenge in terms of balancing the budget.</p>	<p>We have reviewed the Council's arrangements for identifying and agreeing savings plans, and communicating key findings to the Council and key decision making committees.</p>	<p>Historically the Council has a strong track record of delivering against its financial objectives, and this remains the case for 2016/17 with a surplus of £0.5m reported against a budget of £12m.</p> <p>The most recent update on the MTFP was reported to members in June 2017 as part of a FFF report. This projected the budget forward another year and highlighted that further savings of £0.5m were needed for the period 2018/19 to 2022/23 to balance the budget. Work remains ongoing to close this gap, particularly in relation to the £272k savings required for 2018/19. The report sets out clearly the impact of not achieving the savings plans already identified, in particular pointing out key areas where savings are slipping, such as the Riverside House relocation project.</p> <p>As in previous years:</p> <ul style="list-style-type: none"> the Council's revenue budget monitoring does not include separate reporting on savings, instead these are incorporated into the revenue budget for the year. Any non-achievement of savings are then reported as a variance on the revenue monitoring reports, and the achievement of current year savings and the identification of future years savings, are reported via a separate mechanism which is the Fit for the Future (FFF) programme. This is reported to members on a six monthly basis. <p>Reporting the savings plans separately can make it difficult to track how slippage in savings are impacting on the current year budget and MTFP. It is also less transparent how many savings the Council has made each year. As officers work on streamlining the reporting process in response to the recent peer review, consideration should be given as to whether more integrated reporting of savings targets and plans would be appropriate.</p> <p>Each year the Council reviews the levels of reserves and balances that it holds as part of setting the budget. The s151 officer has determined that a general fund balance of £1.5m needs to be maintained and this has been reached via a risk assessment. In addition to the general fund balance, the Council also has a significant number of earmarked reserves. The estimated balance on earmarked reserves for the end of 2017 was £12.4m, falling to £10.1m at the end of 2021. The reserves include a number that have been designed to specifically smooth the savings plans, or to ensure investment in key areas that is needed before any savings can be made. This overall level of reserves could be used to support the budget in the medium term if savings are not achieved in line with the current plans.</p> <p>On this basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place for ensuring it plans finances effectively to support its strategic functions, and its arrangements for ensuring informed decision making.</p>

Key findings

Significant risk	Work to address	Findings and conclusions
<p>Significant capital projects and service transformation projects</p> <p>The Council's MTFP is predicated on the investment programme delivering changes to the way in which services are delivered. The programme includes a number of key projects and investments, in particular the leisure centre development programme and the relocation of riverside house, which are significant both in scale and financial terms.</p>	<p>We have reviewed the project management and risk assurance frameworks established by the Council in respect of the more significant projects, to establish how the Council is identifying, managing and monitoring these risks.</p>	<p>Our work on the initial risk assessment highlighted that there were a number of key projects in progress at the Council that underpinned the Council's financial objectives and whose success is key to ensuring the Council is sustainable in the long term. This was further supported by the recent peer review who included in their recommendations the need for the Council to <i>'move at pace to deliver the work in progress'</i>.</p> <p>The two most significant projects are the HQ relocation project and the Leisure Centre Development Programme. The HQ relocation project was first suggested in April 2010 when the Council commissioned work on its asset base with its private sector partner PSP. PSP came up with a range of suggestions that the Council could consider to make better use of its asset base, one of which was to move the Council's headquarters. Officers have worked with PSP on various options appraisals, and these have been presented to members for consideration and approval. This has led to a number of alternative options and sites being considered, which has required extensive work. Inevitably this has meant delays in when the project could be delivered, however the Council has followed the internal arrangements necessary for such a significant development.</p> <p>The outcome from the project has always been to enable annual savings of £300k per annum to be generated, in addition to being able to relocate the functions from the Town Hall at an annual saving of £85k. These savings have been pushed back in the MTFP as the project has slipped. The project is now moving at pace and planning applications have been submitted for the Riverside House site and the office at Covent Garden. Detailed planning discussions are ongoing, with completion of the project now planned for December 2019.</p> <p>The Leisure Centre Development Programme has two elements. One a major refurbishment project, and two to run the leisure centres with a management company rather than in-house. The leisure centre operator contract was awarded in March 2017. The tender evaluation process involved a large team from across the Council and enabled officers to work with the preferred contractors to ensure potential issues around working capital could be ironed out before the final contract award. In addition, the Council have restructured their team internally to ensure there is sufficient expertise to ensure that the contract is managed appropriately and robustly. The MTFP demonstrates that the appointment of the operator will result in average ongoing savings of £1.38m for the next 10 years.</p> <p>The refurbishment of the leisure centres has been more challenging, with major delays experienced due to issues in the ground works. There is a project board in place and a steering group, both of who review the budget and risk register to ensure all key issues are managed. Officers have recognised that these delays will have an impact on the savings identified in the MTFP and work remains ongoing to ensure that these are mitigated for as far as possible.</p> <p>Overall, our review of these major projects has identified that appropriate project management and assurance frameworks are in place to deliver in line with the Council's expectations. On this basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making in place.</p>

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Any other matters

There were no other matters from our work which were significant to our consideration of your arrangements to secure value for money in your use of resources.

Section 4: Fees, non-audit services and independence

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

We confirm below our final fees charged for the audit and provision of non-audit services.

Fees

	Proposed fee £	Final fee £
Council audit	53,623	53,623
Grant certification	6,398	TBC
Total audit fees (excluding VAT)	60,021	TBC

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Independence and ethics

- We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and confirm that we are independent and are able to express an objective opinion on the financial statements.
- We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.
- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table below summarises all non-audit services which were identified.

Fees for other services

Service	Fees £
Audit related services: <ul style="list-style-type: none">• Pooled capital receipts grant certification ((in respect of 2015/16 claim, but billed in 2016/17)	3,000
Non-audit services	Nil

Grant certification

Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Independence and non-audit services

We have considered whether non-audit services might be perceived as a threat to our independence as the Council’s auditor and have ensured that appropriate safeguards are put in place.

	Service provided to	Fees	Threat?	Safeguard
Audit related services	Pooled capital receipts grant certification (in respect of 2015/16 claim, but billed in 2016/17)	£3,000	None	We have not identified any threats in relation to the service provided.
	TOTAL	£3,000		

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Value for Money

04. Other statutory powers and duties

05. Communication of audit matters

Communication to those charged with governance

ISA (UK&I) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Findings, outlines those key issues and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (<http://www.psa.co.uk/appointing-auditors/terms-of-appointment>).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO (<https://www.nao.org.uk/code-audit-practice/about-code/>). Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to auditor's report, or emphasis of matter		✓
Unadjusted misstatements and material disclosure omissions		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓

Appendices

A. Action Plan

B. Audit Opinion

A. Action plan

Rec no.	Recommendation	Priority	Management response	Implementation date and responsibility
1	The reporting mechanism available for journals should be further reviewed to make it easier to extract a complete journal listing.	Medium		
2	Officers should consider how they can provide greater evidence of challenge of the work of experts, particularly in relation to material estimates such as the asset valuation and the valuation of pension liabilities.	Low		
3	Finance staff should review how the working papers to support the financial statements are produced and filed, so that they are easy to locate and understand by finance staff who have not been involved in the accounts production process. A quality assurance arrangement should be put in place for all working papers produced which should be appropriately evidenced.	Medium		
4	Further work should be undertaken on de-cluttering, looking to eliminate non material notes and streamline the wording so that it is clear and concise.	Medium		
5	Officers should review year end processes and identify areas where they could be streamlined or undertaken at different times in the year. In particular, where could the accounts rely on greater use of estimates and does the financial reporting system provide the necessary reports to enable an efficient close down.	High		
6	The evidence base to demonstrate that assets are investments properties should be improved, with clear links to the asset management strategy of the authority.	Medium		
7	As officers work on streamlining the reporting process in response to the recent peer review, consideration should be given as to whether more integrated reporting of savings targets and plans would be appropriate.	Medium		

Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARWICK DISTRICT COUNCIL

We have audited the financial statements of Warwick District Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise, the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes (these included the Expenditure and Funding Analysis Note on page xx). The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of Responsibilities, the Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report, and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report, and the Annual Governance Statement and the Annual Report for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if

- in our opinion the Annual Governance Statement does not comply with the guidance included in 'Delivering Good Governance in Local Government: Framework (2016)' published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

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

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to 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. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

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

We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2017 in accordance with the requirements of the Act and the Code of Audit Practice until we have completed our consideration of objections brought to our attention by local authority electors under Section 27 of the Act. We are satisfied that these matters do not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Grant Patterson
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

Xx September 2017



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our ref:MS/
your ref:

30 August 2017

Dear Sirs

Warwick District Council Financial Statements for the year ended 31 March 2017

This representation letter is provided in connection with the audit of the financial statements of Warwick District Council for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 ("the Code") which give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- vi We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.
- vii Except as disclosed in the financial statements:
 - a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the Council has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- ix Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Code.
- x All events subsequent to the date of the financial statements and for which the Code requires adjustment or disclosure have been adjusted or disclosed.
- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of the Code.
- xii We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xiii We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end.

The financial statements are free of material misstatements, including omissions.

- xiv We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xvi We have provided you with:
 - a access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b additional information that you have requested from us for the purpose of your audit; and
 - c unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xvii We have communicated to you all deficiencies in internal control of which management is aware.
- xviii All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx We have disclosed to you all our knowledge of fraud or suspected fraud affecting the Council involving:
 - a management;
 - b employees who have significant roles in internal control; or
 - c others where the fraud could have a material effect on the financial statements.
- xxi We have disclosed to you all our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.
- xxii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii We have disclosed to you the identity of all the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiv We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Finance and Audit Scrutiny Committee at its meeting on 30 August 2017.

Yours faithfully

John Barratt

Chairman of Finance and Audit Scrutiny Committee

Date.....

Mike Snow

Head of Finance

Date.....

Signed on behalf of the Council

 FINANCE & AUDIT SCRUTINY COMMITTEE 30 AUGUST 2017		Agenda Item No. 5
Title	Risk Management Annual Report 2016/17	
For further information about this report please contact	Richard Barr Audit & Risk Manager Tel: 01926 456815 email: richard.barr@warwickdc.gov.uk	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Finance & Audit Scrutiny Committee – 31 August 2016.	
Background Papers	WDC risk management policy & guidelines. Minutes of Risk Management Group meetings.	
Contrary to the policy framework:	No	
Contrary to the budgetary framework:	No	
Key Decision?	No	
Included within the Forward Plan? (If yes include reference number)	No	
Equality & Sustainability Impact Assessment Undertaken	N/A: no direct service implications	

Officer/Councillor Approval		
With regard to report approval all reports <u>must</u> be approved as follows		
Title	Date	Name
Chief Executive/Deputy Chief Executive	18/08/2017	Bill Hunt
Head of Service	18/08/2017	Mike Snow
CMT	18/08/2017	CMT
Section 151 Officer	18/08/2017	Mike Snow
Monitoring Officer	18/08/2017	Andrew Jones
Finance	18/08/2017	As S151 Officer
Portfolio Holder(s)	18/08/2017	Councillor Andrew Mobbs and Councillor Peter Whiting
Consultation & Community Engagement		
None other than consultation with members and officers listed above.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below) N/A		

1 **Summary**

- 1.1 This report updates the Risk Management Strategy (Appendix A) for implementing and embedding risk management throughout the organisation. The report also contains details of an external review that was performed during the year. The review provided an independent assessment of the Council's risk management arrangements leading to the identification of areas for improvement that provides the basis of an action plan.

2 **Recommendations**

- 2.1 That Members note the report and its contents, in particular that which sets out members' responsibility for risk management.
- 2.2 That Members affirm the Council's Risk Management Strategy (Appendix A).
- 2.3 That Members confirm they are satisfied with the progress being made in embedding risk management in the Council, noting the progress made to date in completing the current Risk Management Strategic Action Plan (Appendix B) and supplementary activities undertaken during the year that help to embed risk management (Appendix C).

3 **Reason for Recommendations**

- 3.1 The responsibilities of the Finance and Audit Scrutiny Committee include consideration of the effectiveness of the Authority's risk management arrangements.

4 **Policy Framework**

- 4.1 Although there are no direct policy implications, risk management is an essential part of corporate governance and will be a major factor in shaping the Policy Framework and Council policies.

5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, risk management performs a key role in corporate governance including that of the Budgetary Framework. An effective risk management framework helps to ensure that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 **Risks**

- 6.1 The purpose of the report is to comment on the Council's effectiveness in managing its risks.

7 **Alternative Options(s) Considered**

- 7.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.

8 **Responsibility for Risk Management**

- 8.1 In its management paper, "Worth the risk: improving risk management in local government", the Audit Commission sets out clearly the responsibilities of members and officers. Although the Audit Commission has since been abolished its guidance is still relevant.

"Members need to determine within existing and new leadership structures how they will plan and monitor the council's risk management arrangements. They should:

- decide on the structure through which risk management will be led and monitored;
- consider appointing a particular group or committee, such as an audit committee, to oversee risk management and to provide a focus for the process;
- agree an implementation strategy;
- approve the council's policy on risk (including the degree to which the council is willing to accept risk);
- agree the list of most significant risks;
- receive reports on risk management and internal control – officers should report at least annually, with possibly interim reporting on a quarterly basis;
- commission and review an annual assessment of effectiveness: and
- approve the public disclosure of the outcome of this annual assessment, including publishing it in an appropriate manner.

The role of senior officers is to implement the risk management policy agreed by members.

It is important that the Chief Executive is the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work. However, it is unlikely that the Chief Executive will have the time to lead in practice and, as part of the planning process, the person best placed to lead the risk management implementation and improvement process should be identified and appointed to carry out this task. Other people throughout the organisation should also be tasked with taking clear responsibility for appropriate aspects of risk management in their area of responsibility."

9 **Progress to Date**

- 9.1 The overriding objective for risk management is to embed it within the organisation so that it is a seamless, but fundamental, part of the organisation's processes and not viewed as a separate bureaucratic activity with little value. However, as with all objectives of this nature, there is no specific picture of what a fully risk-embedded organisation looks like and the goal of embedding risk management is an ongoing journey rather than one with a definite ending.

- 9.2 To help achieve the objective of embedding risk management the Council has a Risk Management Strategy, set out as Appendix A to this report.
- 9.3 Within the Strategy is an action plan that details the tasks necessary to advance risk management. Members are required each year to review the Strategy and review the progress made in the action plan. The action plan, together with an update on progress in addressing the actions, is set out as Appendix B
- 9.4 The action plan is based on the areas for improvement identified from a recent appraisal of the Council's risk management arrangements undertaken by a risk management consultant within Zurich Insurance.
- 9.5 The evaluation was based on assessing the Council against the ALARM's¹ National Performance Model for Risk Management in Public Services that breaks down risk management activity into seven strands:
- Leadership and management
 - Strategy and policy
 - People
 - Partnership, shared risks and resources
 - Processes and tools
 - Risk handling and assurance
 - Outcomes and delivery
- 9.6 Under each strand, answers to a series of questions identify the level of maturity the organisation has reached.
- 9.7 Further details are set out in Annexe 1 to Appendix A.
- 9.8 The action plan resulting from the review is to be used to drive Improvements over the next few years.
- 9.9 The results of the external review together with the accompanying action plan have already been reported to Finance & Audit Scrutiny Committee. This was on 1 June 2016. The action plan, together with an update on progress in addressing the actions, is set out as Appendix B.
- 9.10 As with previous Risk Management action plans, Members will receive an annual update on progress in implementing this action plan.
- 9.11 It should be noted that the Action Plan is strategic in nature and that several of the actions are not scheduled for completion in the short term.
- 9.12 There are, of course, numerous activities being carried out on a day-to-day basis that follow risk management principles or that help to embed risk management in the organisation. These activities are summarised in Appendix C and are divided into corporate initiatives and service-led initiatives.

¹ Association of Local Authority Risk Managers

10 **Conclusions**

- 10.1 The accepted wisdom is that risk management arrangements should be embedded in the culture of the organisation and not separate 'bolt on' activities. Clearly this is not an easy objective to achieve and with the philosophy that "risk management is an ongoing journey rather than one with a fixed destination" it is important that we continue to make good progress in implementing risk management within the Authority. This report provides strong evidence of that.

WARWICK DISTRICT COUNCIL RISK MANAGEMENT STRATEGY

Purpose of strategy

The purpose of the strategy is to embed risk management in the Authority by establishing a risk management framework that provides:

- n an efficient control environment
- n the overt allocation of accountability for risk management throughout the organisation
- n a well-established risk assessment process
- n performance monitoring of risk management activity
- n communications process to support risk management

An action plan to advance risk management in the organisation is set out as Annexe 1.

Definition and scope of risk management

The Council has adopted the Audit Commission's definition of risk and risk management as contained in its Management Paper, 'Worth the risk: improving risk management in local government'. Although the Audit Commission has been recently abolished its definition of risk is still relevant and relied upon by many organisations.

Risk is the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. Risk management is the process by which risks are identified, evaluated and controlled. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements.

The overall process of managing risk can be divided into:

- § *Risk analysis, or assessment, which includes the identification, estimation and evaluation of the risks; and*
- § *Risk management that encompasses the planning, monitoring and controlling activities based on the information derived from risk analysis.*

Aims and objectives

The risk management policy of Warwick District Council is to adopt best practices in the identification, evaluation, and cost-effective control of risks to ensure that they are eliminated or reduced to an acceptable level.

It is acknowledged that some risks will always exist and will never be eliminated. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

The risk management objectives of the Council are to:

- § integrate risk management into the culture of the Council
- § manage risk in accordance with best practice
- § consider legal compliance as a minimum standard
- § anticipate and respond to changing social, environmental and legislative requirements
- § prevent injury and damage and reduce the cost of risk
- § raise awareness of the need for risk management.

These objectives will be achieved by:

- § establishing a risk management organisational structure to act in an advisory and guiding capacity which is accessible to all employees
- § including risk management as an agenda item at meetings as appropriate
- § continuing to demonstrate the application of risk management principles
- § providing risk management awareness training
- § maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision
- § maintaining an appropriate incident reporting and recording system, with investigation procedures to establish cause and prevent recurrence
- § preparing contingency plans in areas where there is a potential for an occurrence having a catastrophic effect on the Council and its service delivery capability
- § maintaining effective communication
- § monitoring arrangements on an ongoing basis

Definition of the Council's risk appetite

An organisation's risk appetite is the amount of risk that it is prepared to take in order to achieve its objectives. Defining the organisation's risk appetite provides the strategic framework for effective decision-making. Risk appetites for local authorities will also be lower due to the regulatory nature of most services and because of their stewardship obligations for public resources. However, local authorities may be forced to take risks beyond their choosing to comply with central government directives or to satisfy public expectations of improved services.

Warwick District Council's risk appetite is determined by individual circumstances. In general terms, the Council's approach to providing services is to be innovative and to seek continuous improvement within a framework of robust corporate governance. This framework includes risk management that identifies and assesses risks appertaining to actions being considered or proposed. Decisions on whether to proceed with such actions are only taken after the careful assessment of the identified risks and an analysis of the risks compared to the benefits.

However, in all circumstances:

- § The Council would wish to manage its financial affairs such that no action will be taken that would jeopardise its ability to continue to provide services within its available resource; and
- § The Council would wish to secure the legal integrity of its actions at all times.

Roles and responsibilities

The following groups and individuals have the following roles and responsibilities for risk management within the Council.

Executive

To oversee the effective management of risk throughout the Council; to hold the corporate management team accountable for the effective management of risk by officers of the Council.

Finance and Audit Scrutiny Committee

To scrutinise and review the management of risk on behalf of Executive.

Elected Members

To promote the importance of risk management in all that the Council does; to champion the cause of risk management.

Chief Executive

To be the clear figurehead for implementing the risk management process by making a clear and public personal commitment to making it work.

Senior Management Team

To ensure that the Council manages risk effectively through the development of a comprehensive risk management strategy; to monitor delivery by receiving reports from the Council's Risk Management Group and from the Audit & Risk Manager.

Risk champion²

To champion the cause of risk management within the Council, particularly at the strategic level; to take personal responsibility for ensuring that the risk management objectives as set out in the policy are achieved.

Risk manager³

To support the Council and its departments and services in the effective development, implementation and review of the risk management strategy.

Risk management group

To determine, implement and review the Council's risk management policy and its risk management strategy. The risk management group is responsible for developing specific programmes and procedures for establishing and maintaining risk management activities. This group will ensure the dispersal of vital information and, where appropriate, provide guidance, interpretation and understanding of the systems involved.

The terms of reference of this group are set out as Annexe 2.

Departmental management teams

To ensure that risk is managed effectively in each service area within the agreed risk management strategy; to report to the Risk Management Group on how hazards and risks have been managed within their service area.

Service managers

To manage risk effectively in their particular service areas; to report on how hazards and risks have been managed to their Departmental Management Team or directly to the Risk Management Group.

Employees

To manage risk effectively in their jobs and report hazards and risks to their service managers

Insurance & Risk officer

To advise on practices which will minimise the likelihood of adverse events occurring and arrange insurance cover where necessary and appropriate.

The responsibilities of the various groups and individuals are summarised in the table that is included as Annexe 3.

² This officer is the Deputy Chief Executive (AJ)

³ This officer is the Audit and Risk Manager.

Methodology for identifying and assessing risk

Risk Identification and Categorisation

Risks can be categorised under strategic and operational.

Strategic risks are those risks identified as potentially damaging to the achievement of the Council's objectives. These can be sub-classified into:

- Political
- Social
- Legislative
- Competitive
- Economic
- Technological
- Environmental
- Customer/citizen

Operational risks are those risks that should be managed by departmental officers who will be responsible for operating and maintaining the services. These can be sub-classified into:

- Professional
- Legal
- Contractual
- Environmental
- Financial
- Physical
- Information

Risk Assessment

For risk registers, the following definitions are applied for the measurement of risk in respect of probability and consequences:

Probability of Occurrence

Estimation	Description	Indicators
5: High (Probable)	Likely to occur each year (e.g. considered as more than 50% chance of occurrence in any year).	<ul style="list-style-type: none">• Potential of it occurring several times within the specified period (for example - ten years).• Has occurred recently.
4: Medium to High	Apply judgement	Apply judgement
3: Medium (Possible)	Likely to occur during a 10 year period (considered as between 5% and 25% chance of occurrence in any year).	<ul style="list-style-type: none">• Could occur more than once within the period (for example - ten years).• Could be difficult to control due to some external influences.• There's a history of occurrence.
2: Low to Medium	Apply judgement	Apply judgement
1: Low (Remote)	Not likely to occur in a 10 year period (considered as less than 2% chance of occurrence in any year).	<ul style="list-style-type: none">• Has not occurred.• Unlikely to occur.

Consequences

Estimation	Description
5: High	<ul style="list-style-type: none"> Financial impact on the organisation is likely to exceed £500K Significant impact on the organisation's strategy or operational activities Significant stakeholder concern
4: Medium to High	Apply judgement
3: Medium	<ul style="list-style-type: none"> Financial impact on the organisation likely to be between £100K and £250K Moderate impact on the organisation's strategy or operational activities Moderate stakeholder concern
2: Low to Medium	Apply judgement
1: Low	<ul style="list-style-type: none"> Financial impact on the organisation likely to be less than £10K Low impact on the organisation's strategy or operational activities Low stakeholder concern

Annexe 1: Risk Management Strategic Action Plan

The review by Zurich of the Council's risk management arrangements relied on the application of the CIPFA/ALARM Risk Management Benchmarking tool. Areas for improvement were identified from the analysis and these formed the components of a comprehensive action plan.

The benchmarking is based on ALARM's National Performance Model for Risk Management in Public Services published in 2009. This in turn has its origins in the "Risk Management Assessment Framework", developed by HM Treasury in 2002, itself having its genesis in the EFQM approach.

It breaks down risk management activity into seven strands:

- Leadership and management
- Strategy and policy
- People
- Partnership, shared risks and resources
- Processes and tools
- Risk handling and assurance
- Outcomes and delivery

Under each strand the level of maturity the organisation has reached is identified.

The level of maturity is assessed as being at one of the following five levels (in ascending order of maturity):

- Level 1: Risk management is **engaging** with the organisation
- Level 2: Risk management is **happening** within the organisation
- Level 3: Risk management is **working** for the organisation
- Level 4: Risk management is **embedded and integrated** within the organisation
- Level 5: Risk management is **driving** the organisation

In overall terms the review has assessed us at the middle level of maturity, "Working".

The typical organisational behaviours associated with the "Working" level of maturity are as follows:

Management Activity	Typical Organisational Behaviours
Leadership and Management	Senior managers take the lead to apply risk management thoroughly across the organisation. They own and manage a register of key strategic risks and set the risk Appetite.
Strategy and Policy	Risk management principles are reflected in the organisation's strategies and policies. Risk framework is reviewed, developed, refined and communicated.

Management Activity	Typical Organisational Behaviours
People	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and responsibilities
Partnership, Shared Risks and Resources	Risk with partners and suppliers is well managed across organisational boundaries. Appropriate resources are in place to manage risk.
Processes	Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services supported through continuity plans
Risk Handling and Assurance	Clear evidence that risk management is being effective in all key areas. Capability-assessed within a formal assurance framework and against best practice standards.
Outcomes and Delivery	Clear evidence that risk management is supporting the delivery of key outcomes in all relevant areas.

In many ways, this level of assessment is not surprising; embedding risk management fully in any organisation will always be a journey rather than an arrived destination and to achieve near-full compliance would require bureaucratic processes and a level of staffing that is not desirable, or even feasible, in an organisation of Warwick District Council's size.

Nevertheless, addressing the areas that have been identified for improvement will help the Council improve its practices significantly.

The action plan, together with an update on progress in addressing the actions, is set out as Appendix B.

Annexe 2: Risk Management Group - Terms of Reference

The terms of the reference of the risk management group comprises:

Overall aim

- § To ensure that effective Risk Management is in place across the Council.

Membership

- § The Group will comprise representatives from key services across the Council.

Specific Objectives and Responsibilities

- § Promote best practice in the management of risks.
- § Assist in the identification and evaluation of risks that could threaten achievement of the Council's objectives.
- § Help develop, implement and review the corporate risk management strategy and policy.
- § Help managers maintain and develop their risk registers by periodically reviewing them and making recommendations on their improvement.
- § Review events and disseminate information regarding lessons learnt in an attempt to help services improve on the management of risk.
- § Compile and implement an annual work plan that helps to embed risk management in the organisation.
- § Help create a risk-aware culture by, for example, instilling in staff the need to manage risks in their jobs.
- § Identify cross-cutting and strategic risks for the attention of senior management.
- § Make recommendations to management on practices and procedures that it is intended will improve the management of risks within Warwick District Council.
- § Oversee the development and implementation of a consistent approach to risk management across the Council's services.

Annexe 3: Summary of Responsibilities

	Develop the corporate risk management strategy	Agree the corporate risk management strategy	Provide advice and support on strategy development and implementation	Implement the strategy	Share experience of risk and risk management issues	Review the effectiveness of the strategy
Elected members / Executive		\$				\$
Chief Executive		\$		\$		\$
Senior management team	\$	\$		\$		\$
Risk champion	\$		\$	\$	\$	\$
Audit & Risk Manager	\$		\$	\$	\$	\$
Risk management group	\$		\$	\$	\$	\$
Departmental management teams				\$	\$	\$
Service managers				\$	\$	\$
Employees				\$	\$	
Insurance & Risk Officer			\$	\$	\$	

Review of Progress in Completing Risk Management Strategic Action Plan

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
1. Undertake further work to define the risk appetite for the organisation and what that means in terms of decision making.	Commission external expertise to help define organisational risk appetite. Issue paper to SMT recommending that course of action.	May 2016.	Audit & Risk Manager / SMT.	SMT endorsed proposed action and workshop took place in September 2016. Risk appetites across range of services and activities determined.
2. Consider opportunities for integrating risk management and performance management reporting.	Will explore with CMT and Head of Neighbourhood services who leads on performance management reporting.	August 2016.	Audit & Risk Manager.	Risk management indicators incorporated into performance management reporting e.g. no. of risks in red, amber and green zones.
3. Re-iterate the guidance on completion of the risk section within committee papers to drive quality of risk assessments.	Guidance to be extended and re-issued.	By end of June 2016.	Audit & Risk Manager.	Guidance re-written and re-issued.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
4. Consider splitting the existing strategy into separate documents covering policy (longer term aims) and framework (tools).	Recommendation considered but not implemented: These elements are clearly identified in the Strategy and it is not apparent what benefit will be gained from creating separate documents.	Consider by end June 2016.	Audit & Risk Manager.	Recommendation considered but rejected on the basis that it would merely cause additional work with little, or no, apparent gain.
5. Improve communications about risk management principles e.g. through the intranet or desktop guides.	Information and guidance on risk management principles and practices to be communicated to staff and members via new intranet.	Immediately and ongoing.	Audit & Risk Manager.	A significant start has been made on this but other priorities have curtailed progress. To be carried forward.
6. Review the role and effectiveness of the Risk Management Group.	Self-review to be undertaken following recognised good practice.	By end of March 2017.	Audit & Risk Manager Risk Management Group.	The role and effectiveness was reviewed at the Risk Management Group meeting in February 2016. The terms of reference of the Group was debated and consequently updated. A paper is to be issued to SMT to get SMT to approve the ToR, confirm its support for the Group and ensure representation on the Group and attendance at meetings.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
7. Allocate individual SMT owners to risks on the significant business risks register.	Senior Management Team to undertake.	By end June 2016.	Senior Management Team.	SMT decided not to do this as at the Council-wide level it was not feasible to isolate the risks in this way. If the risks were to be allocated individually then it was felt that they could only be allocated to the Chief Executive as he has overall responsibility for the corporate and strategic risks.
8. Consider whether some of the principles applied to contract risk management can be applied equally to partnerships.	Issue to be examined and, if possible, addressed.	September 2017.	Audit & Risk Manager.	In line with Strategic Action Plan, this is scheduled for 2017/18.
9. Review the mechanisms by which the Insurance & Risk Officer can input further to strategic risks and decision making.	Insurance & Risk Officer to engage more closely in risk management process including issuing quarterly report to SMT on insurance claims and risk management lessons learned.	Immediately and ongoing.	Audit & Risk Manager.	Completed: Insurance & Risk Officer engages more closely in risk management process by issuing quarterly report to SMT on insurance claims and risk management lessons learned.
10. Consider the specific application of risks on the significant business risk register to individual service areas.	SMT to consider at future meeting that reviews SBRR.	By end June 2016.	Senior Management Team.	Completed at SMT meeting.

Recommendation	Action	Timescale	Responsibility / Resources	Progress To Date
11. Increase the visibility of risk registers to enable common risk types to be identified across the organisation.	Risk registers to be made available on intranet to all staff and, if possible, councillors.	September 2016.	Audit & Risk Manager.	Other priorities have meant this has not been yet been undertaken. Action to be carried forward.
12. Review the criteria for evaluating project risks to make it more specific to time, cost and quality of delivery.	Approach to project risk assessment to be reviewed.	September 2017.	Audit & Risk Manager.	In line with Strategic Action Plan, this is scheduled for 2017/18.
13. Include the target risk level in reporting to aid understanding of when additional management actions should and should not be considered.	Issue to be explored as part of risk appetite work.	July 2016.	Audit & Risk Manager.	Issue was explored as part of risk appetite seminar held in September 2016 and in follow-up paper to SMT. SMT deem that it is unnecessary to set target risk levels as risk reduction is implicit.
14. In evaluating risks ensure that the full range of impacts is considered.	Risk assessment criteria to be reviewed with the possibility of extending the range of potential impacts.	By end of July 2016.	Audit & Risk Manager.	Risk assessment criteria reviewed with it being concluded that the current range of impacts is appropriate for evaluating risks and does not need to be extended.

Other Activities Undertaken During the Year to Embed Risk Management

Corporate Activities

Programme of Service Risk Register Reviews

The Finance & Audit Scrutiny Committee has continued its programme of service risk register reviews. This has proved to be a very effective process and has helped to raise the profile of risk management throughout the organisation as well as the value derived from it. The programme of reviews is now well into the third cycle so Committee are able to assess the extent of improvements that services have made to their risk registers and to their processes for managing risks.

Risk Management Group

The Council has a Risk Management Group comprising representatives from services whose key aim is to champion risk management throughout the organisation.

Risk Management Training

A workshop on risk appetite was run by a consultant from Zurich Insurance to senior managers to equip them further with the skills to fulfil their role.

Committee Reports Risk Template

Committee reports are now required to detail the risk management implications in respect of the issues contained in the report. This requirement raises the profile of risk management and helps to ensure the proper consideration of risks when embarking on new projects or developing strategies and policies.

Project Risk Registers

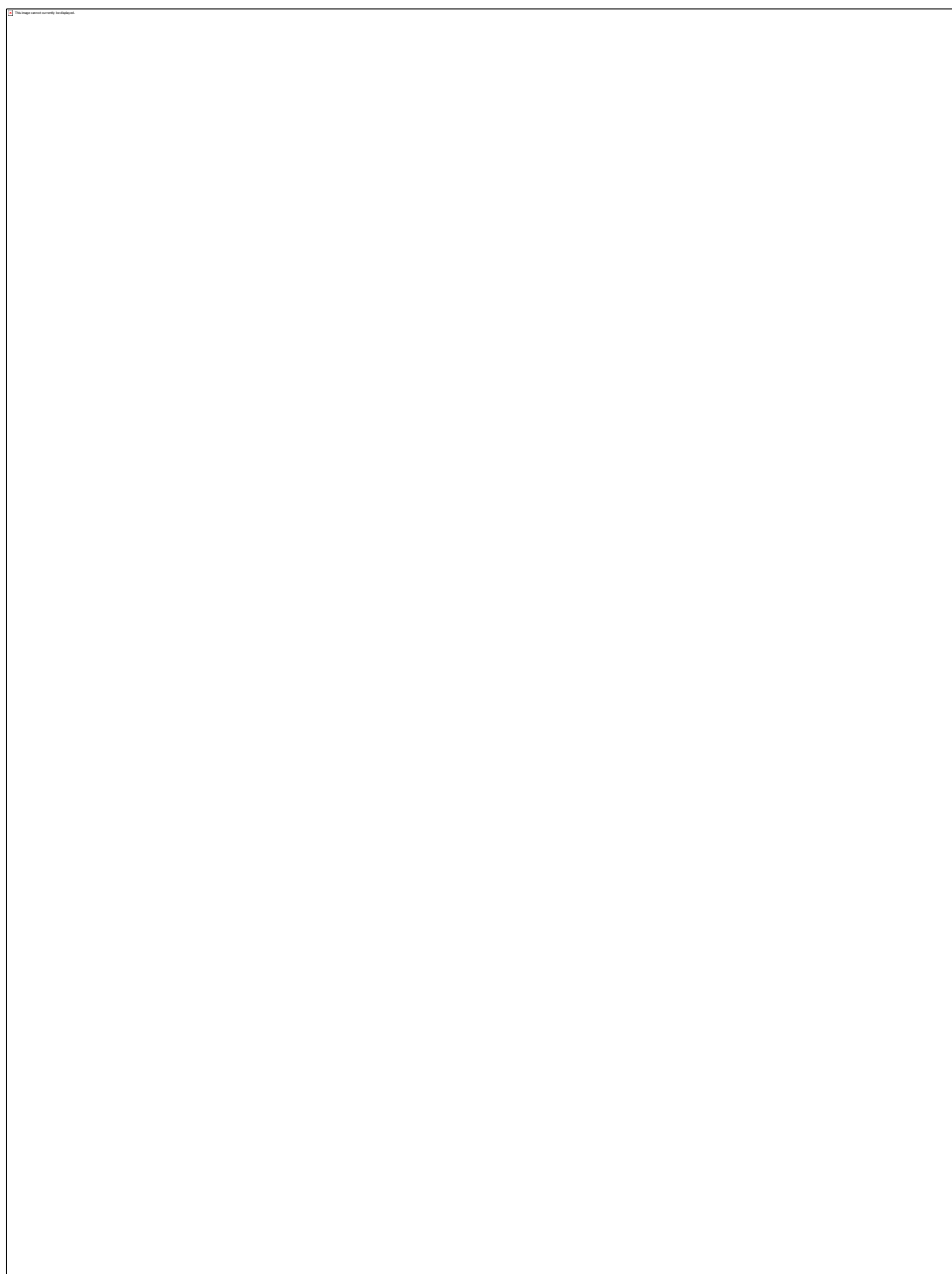
Project risk registers are now routinely in place for specific projects such as the Local Plan and Europa Way. In the case of the Local Plan, this is reviewed by SMT regularly.

Identification of Emerging Risks

SMT now review 'potentially emerging risks' and these are included in the quarterly Significant Business Risk Register report to Executive. Clearly, emerging risks, if they are significant, corporate or strategic, had always been included on the SBRR, but potentially emerging risks had not been highlighted in any way, either on the SBRR or in the covering report. These are risks related to events that may or may not happen such as ideas or proposals. It was felt that, in future, in order to be prudent, such risks should be mentioned in the covering report in order that their possibility is brought to Members' attention. Future reports will describe the developments of these prospective events.

Performance Management Information: Risk Management Indicators

Risk management information is used as a key indicator of organisational performance. The number of red, amber and green risks recorded on the service risk registers (in total) and on the Significant Business Risk Register is monitored by SMT quarterly. The information, together with other Governance data, is presented to SMT in the following way:



Service-led Activities.

Leisure Development Programme

In order to manage the risks in a coordinated way, a risk log was produced for the Programme, managed by the Programme Manager and reported to the Programme Board of senior officers who meet bi-monthly. There is a separate Risk Log for the construction elements of the Programme which is managed by Mace Ltd (project

managers) which is also reported to the Programme Board. This is reviewed and updated as appropriate.

Local Plan Risk Register

A risk register for the Local Plan continues to be used by Development Services.

Preparing the Local Plan is a complex and lengthy process which involves balancing a large number of competing factors some of which are within the Council's control and some of which are not. It involves not only thinking about local, regional and national dimensions but also requires a fine balance to be struck between local political priorities and the findings of technical evidence.

This complexity means that there are always uncertainties which carry risks for the Plan's timetable and soundness. Risk management is playing an important part in the management of the Local Plan process as a way of ensuring both officers and members are aware of the risks and to enable different possible scenarios to be mapped and discussed in the context of a good understanding of potential consequences.

The key elements of the approach to risk management of the Local Plan are:

- a) A risk register that is updated at least monthly. This is reported to Senior Management Team and is often used as the basis for the regular portfolio holder briefings on the Local Plan
- b) In the context of the risk register, a weekly meeting is held between Development Services staff and Corporate Management Team to discuss plan progress and risks. At this meeting the main risks to the Plan are discussed and mitigation strategies mapped out. Examples might include political risks where mitigation involves thinking through how and when to brief members or risks arising from the plans of neighbouring authorities, where mitigation might involve complex discussions at officer, senior management or political level.
- c) Frequent briefings for Executive and Group Leaders: for the most part, the risk register is used overtly and proactively to shape these briefings and inform discussion, but even when the risk register is not used overtly, these discussions are framed around risk management to encourage members to think about possible consequences of different ways forward.
- d) Briefings for all members: whilst these are less frequent the discussion is usually framed to help members think about the risks and consequences associated with different courses of action so that informed decisions can be made at formal Council meetings.

Whilst there are always many uncertainties associated with the Local Plan, it is hoped that the risk management approach taken by the Council can ensure that issues can be avoided or resolved effectively and opportunities exploited quickly.

Monitoring of Section 106 Agreements

Section 106 agreements are the legal mechanism by which the infrastructure or other planning-related requirements that are necessary to bring forward a development proposal in an acceptable way are currently delivered. Examples

include financial contributions towards educational and healthcare provision arising from proposals for new residential development.

In view of the scale of new development coming forward within the district and the need to ensure that the necessary infrastructure is delivered at the right time and in the right way, there is an increasing need to monitor the delivery of the Section 106 Agreements.

To that end, a risk management initiative is currently being implemented within Development Services in partnership with other service areas and colleagues from Warwickshire County Council which monitors the progress of specific development projects as they are being constructed and tracks the key points within that development at which financial contributions are triggered or other specific requirements are needed.

Europa Way Project

The report from the Chief Executive to Full Council on 12 April 2017 provides an example of risk assessment being used to not only evaluate the options in respect of whether to take forward the Europa Way Project but also setting out clearly project stages in such a way as allow the Council to re-evaluate its risks and rewards to make a decision as to whether to proceed to the next stage. A project risk register is in operation to manage the risks appertaining to this major scheme.

Housing Strategy and Development

The business resilience risk associated with only one employee within ICT Services being able to provide development support to the housing allocations computer system led to the service seeking to procure a software support and development provider, after first confirming that no suitable 'off the shelf' product was available.

In order to avoid the potential risks of properties becoming unlicensed for a period of time, temporary extra support was brought into Private Sector Housing to ensure that the peak in HMO relicensing activity can be managed in a timely way.

Emergency Planning and Business Continuity Management


Since May 2017 the following emergency planning and business continuity initiatives have been undertaken involving risk management:

- Phase 1 of updating Annex 1, the contact list of the Major Emergency Plan (MEP)
- Phase 1 of updating the contact details of the Standard Operating Procedures (SOP)
- In the process of Liaising with departments re the review of the Service Area Crisis Plans
- Building professional relationships with key partners relating to emergency preparedness including the Warwickshire Local Resilience Forum (WLRf), CSW Resilience teams at WCC and WDC's events team
- Investigation into additional rest centres being available through Head of Cultural Services to add to the list that CSW Resilience already hold
- Promotion of CT training for staff and licensees
- Weekly update to Warwickshire & West Mercia Police of events within the Warwick District.

Events Management

Since May 2017, the Warwick District Safety Advisory Group for Events, chaired by Jayne Bailey, Health & Community Protection, employing risk management, facilitated a number of multi-agency meetings for a wide range of events to ensure the events were operated safely. Notable events include:

- Women's Cycle Tour – where a Command & Control centre was set up by Jayne Bailey in CCTV control room working alongside, WDC Commanders, WDC events team, and CSW Resilience team, WCC.
- Armed Forces
- Kenilworth Bonfire
- Orange Tree/Boot Bonfire
- Peace Festival
- Kenilworth Half Marathon
- Kenilworth Carnival
- Leamington Carnival
- Regimental Church Service
- Thai Festival
- Bowls England
- Kenilworth Arts Festival
- Kenilworth Food Festival
- Warwickshire Pride.

 Finance and Audit Scrutiny Committee 30 August 2017		Agenda Item No. 6
Title	Internal Audit Strategic Plan 2017/18 – 2019/20: ICT Update	
For further information about this report please contact	Richard Barr Tel: (01926) 456815 email: richard.barr@warwickdc.gov.uk	
Service Area	Finance	
Wards of the District directly affected	Not applicable	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee – 4 April 2017	
Background Papers	Internal Audit risk assessment file; SMT minutes	

Contrary to the policy framework?	No
Contrary to the budgetary framework?	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken?	N/A: no direct service implications

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive	16 Aug 2017	Chris Elliott
CMT	16 Aug 2017	CMT
SMT	16 Aug 2017	SMT
Section 151 Officer	16 Aug 2017	Mike Snow
Monitoring Officer	16 Aug 2017	Andrew Jones
Finance	16 Aug 2017	As Section 151 Officer
Portfolio Holder	21 Aug 2017	Councillor Whiting
Consultation and Community Engagement		
Consultation with managers and the Council's external auditors.		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1 **Summary**

- 1.1 The report presents the ICT audits element of the Internal Audit Strategic Plan 2017/18 – 2019/20.

2 **Recommendation**

- 2.1 That Members consider and approve the plan for undertaking ICT audits over the period 2017/18 – 2019/20.

3 **Reason for the Recommendation**

- 3.1 The Internal Audit Strategic Plan is an important element in providing the required independent and objective opinion to the organisation on its control environment, in fulfilment of statutory duties.

4 **Policy Framework**

- 4.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance and will take into account the Council's policies.

5 **Budgetary Framework**

- 5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.

6 **Risks**

- 6.1 Internal Audit provides a view on all aspects of governance, including corporate and service arrangements for managing risks.
- 6.2 It is impractical to provide a commentary on risks as the report is concerned with the provision of reviews by Internal Audit of other services. Having said that, there are clear risks to the Council in not dealing with issues raised within Internal Audit reports and there is an overarching risk associated with the Finance & Audit Scrutiny Committee not fulfilling its role properly e.g. not scrutinising this report robustly.

7 **Background**

- 7.1 The Internal Audit Strategic Plan 2017/18 to 2019/20 was approved by the Finance & Audit Scrutiny Committee on 4 April 2017.
- 7.2 At that time, proposals for undertaking ICT audits had not been concluded and so, pending detailed proposals, the Strategic Plan included only a broad allocation of time for ICT-based audits.
- 7.3 Since then a plan for obtaining assurance on the ICT environment has been finalised. Thus the ICT audits planned over the 3-year period 2017/18 to 2019/20 are set out in the attached appendix.

- 7.4 The ICT audit plan has been compiled by the Council's ICT audit contractor, TIAA.
- 7.5 A specialist contractor is required because of the complexity inherent in ICT functions and their importance to the operation of the Council. It is not cost-effective for the Council to employ its own internal audit resource in this particular area.
- 7.6 The Plan has been produced in consultation with ICT Services. To maintain independence and objectivity, the exercise was led by the contractor.
- 7.7 The audits set out in the first year of the plan will be undertaken by TIAA.
- 7.8 The contractor for years 2 and 3 will be determined following the re-procurement of the ICT audit contract at the end of this financial year.
- 7.9 The Committee will receive reports on the outcome of the audit assignments as part of the quarterly reporting process.



Warwick District Council

ICT Audit Strategic Plan

2017/18 to 2019/20

May 2017

ICT Audit – Strategic Plan 2017/18 to 2019/20

Introduction

- 1.1 The development of an appropriate Information, Communication and Technology (ICT) Internal Audit Strategy and annual operational plan by conducting an audit needs assessment (ANA) represents a critical ingredient in the provision of an adequate, relevant and timely internal audit service. It not only identifies those activities and risks which management consider to be of most significance to the organisation, but it also allows wider consideration of potential risks based on the internal auditor's experience so that those systems which manage business critical and significant risks are identified in order to attach appropriate risk factors to each auditable area. This ensures that internal audit's efforts are effectively prioritised and focused upon the organisation's key objectives and current issues, so that the benefits from investment in audit are maximised through the development of an informed and effective internal audit strategy.
- 1.2 This assessment is specifically intended to consider the internal audit priorities going forward and has been undertaken largely by:-
- (1) meeting with members of the management team
 - (2) meeting with the ICT Manager and his team;
 - (3) consideration of the results of, or proposals to undertake other internal audit work and factoring this into the process;
 - (4) Review of the corporate and ICT risk register, which has been a valuable source of information in constructing the strategic plan; and
 - (5) Internal audit experiences from elsewhere.

This enables internal audit to draw together what we feel represents a comprehensive review of the (ICT) internal audit needs of the Council for the period 2017/18 to 2019/20.

- 1.3 The outputs from the meetings and discussions have then been considered and assessed by the internal auditor in conjunction with known current and future risks in order to develop a strategy for the future scope of the (ICT) internal audit services.
- 1.4 We are grateful to those staff involved in the discussions for their co-operation during the needs assessment, the risk analysis and for the time that they took to consider the issues being addressed.
- 1.5 The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

ICT Audit Strategy

- 2.1 An internal audit strategy which addresses issues of risk and priority is contained within the report as Appendix A. This is annotated with any relevant information obtained during the assessment.
- 2.2 We have a medium-term vision with regard to the internal audit strategy that we believe will satisfy both the needs of the Council's business going forward and also good governance through control assurance year on year. We appreciate the benefit of information provided by the in-house internal audit service to inform the process which has also been very useful. We are also happy with the balance of the work over the forthcoming three years so that no one area, department, system or function is over or under audited in any one period.
- 2.3 With the above in mind we have structured the audit plans on the basis of known risks or significance of project at the time of preparation. However, there is a clear need to re-visit the plans to ensure that they stay focused on those risks and reflect any emerging changes.

ICT Audit Risks

3.1 In undertaking the ANA we assess systems against various categories of risk, which are described below some of which are more or less relevant to the auditable area. We have also used such documents that were made available so as to further inform the audit needs assessment, and the resultant strategic plan.

- 1 - Fraud & misappropriation
- 2 - Safeguarding of assets
- 3 - Efficiency and effectiveness
- 4 - Safety and security of people
- 5 - Financial control
- 6 - Achievement of objectives
- 7 - Business management
- 8 - Adequacy of management information
- 9 - Safety and security of data and information
- 10 – Compliance (legislation & regulation)

3.2 During the ANA we try to remain focused on identifying auditable systems and controls which manage these risks and attempt to place them into the above risk categories.

- 3.3 We have made a high level assessment of each system made known to us from the discussions with ICT management in terms of its relative importance and its likely risk impact and have allocated a number of days to the audit of each system so that:
- all aspects of perceived risk are comprehensively audited during the three year period of the strategy;
 - internal audit days are optimally used over the life of the plan according to perceived greatest risk.
- 3.4 Whilst the plan provides no contingency for ad-hoc advice to the council, the plan is flexible and will also be refreshed annually to ensure that emerging risks, not clear at the time of preparation, can be included. By this means we will ensure that the forward plans will provide the right level of assurance to the ICT risks faced by the Council.

APPENDIX A

2017/18 Plan

Audit	Indicative Scope	Indicative Days	Indicative Timing
Cyber Security	An assurance review of the level of control to offset the ongoing risk of cyber-attack, including an assessment against the guidelines in the Cyber Essentials Scheme (CES) as follows: - <ul style="list-style-type: none"> • Firewalls and Internet gateways; • Secure configuration; • Access control; • Malware protection; and • Patch management. 	8	Q2
Information Governance	An assurance review of the information governance arrangement in light of the legislation changes in 2018 and to include information asset policies, ownership, categorisation, and sharing along with the ICT evidencing arrangements and technical controls which the new Act imposes.	6	Q2
Remote Access	An assurance review to evaluate the security controls and data integrity arrangements for staff using remote technology, including access protocols to network infrastructure and data, data storage arrangements, transmission protocols, and mobile device management.	6	Q3
Business System	An assurance review of the Paris Income Management application incorporating access rights and privileges, audit trails, system administration functions, application support, data and system backup.	7	Q2
Total		27	-

2018/19 Plan

Audit	Indicative Scope	Indicative Days	Indicative Timing
Database security	An assurance review to ensure that database system administration processes are sound and that adequate logical security settings have been implemented on the live server database environment. The database security build standards, access rights for database administrators and super-user privileges, password controls, security patching, vulnerability scanning, database auditing, and capacity / performance management will also be included.	7	Q1 TBC
System Ownership and Management	An assurance review of system administration and user account management for (key) business systems to ensure robust access controls, information (security) management, upgrade and licensing methodologies.	7	Q2 TBC
Financial Systems Interfaces	An evaluation of the efficiency and effectiveness of the interface files provided by various applications into the finance system.	6	Q3 TBC
Total		20	-

Note: the scopes are specifically pitched at high level in the above plan, and will be re-visited at the start of the year to ensure the work is still required and then detailed scopes will be provided.

2019/20 Plan

Audit	Indicative Scope	Indicative Days	Indicative Timing
Infrastructure	An assurance review of the continued security and resilience of the ICT network infrastructure during / after the relocation planned for 2019. Added to this review may be an element of ensuring the best use is being made of the available technologies.	7	Q1 TBC
Cloud applications	An assurance review to assess the risks known to exist as a result of the increased use of cloud technologies within the Council. This involved the assessment of the Council's risk profile against the risks identified from sources including the Cloud Security Alliance, and controls in place to mitigate the following risks: <ul style="list-style-type: none"> • Systems and data are lost, or becomes unavailable; • Council's reputation is damaged or financial losses are incurred due to inappropriate activity or lack of understanding; • Service standards and/or efficiencies are not realised. 	7	Q2 TBC
Information Systems Policies	An assurance review of the continued relevance of the key information systems and security policies and the understanding of them and adherence to them in the operational areas of the Council.	6	Q3 TBC
Total		20	-

Note: the scopes are specifically pitched at high level in the above plan, and will be re-visited at the start of the year to ensure the work is still required and then detailed scopes will be provided.

 Finance & Audit Scrutiny Committee 30 August 2017		Agenda Item No. 7
Title	Comments from the Executive	
For further information about this report please contact	Amy Barnes Senior Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Service Area	Civic & Committee Services	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	Executive – 08.02.2017	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive		
Chief Executive		
CMT		
Section 151 Officer		
Legal		
Finance		
Portfolio Holders		

Consultation Undertaken	
n/a	
Final Decision?	Yes
Suggested next steps (if not final decision please set out below)	

1. Summary

- 1.1 This report summarises the Executive's response to comments given by the Finance & Audit Scrutiny Committee on reports submitted to the Executive on 26 July 2017.

2. Recommendation

- 2.1 That the responses made by the Executive be noted, as set out in Appendix 1 to the report.

3. Reasons for the Recommendation

- 3.1 This report is produced to create a dialogue between the Executive and the Finance & Audit Scrutiny Committee, ensuring that the Scrutiny Committee is formally made aware of the Executive's responses.

4. Alternative Options Considered

- 4.1 The Committee receives and notes the minutes of the Executive instead.

5. Budgetary Framework

- 5.1 There is no impact on the budgetary framework. This is for the Committee's information only.

6. Policy Framework

- 6.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

7. Background


- 7.1 As part of the scrutiny process, the Committee no longer considers the whole of the Executive agenda.
- 7.2 Councillors are emailed at the time of the publication of the Executive and Scrutiny Committee agendas, asking them to contact Committee Services by 9.00 am on the day of the Scrutiny Committee, to advise which Executive items they wish the Scrutiny Committee to pass comment on and the reasons why.
- 7.3 As a result, at its meeting on 4 April 2017, the Finance & Audit Scrutiny Committee considered the items detailed in the appendices. The responses which the Executive gave are also shown.

Responses from the meeting of the Executive held on 26 July 2017 to the Finance and Audit Scrutiny Committee's comments

Item no	3	Title	Final Accounts 2016/17
Scrutiny Comment	The Finance & Audit Scrutiny Committee supported the recommendations in the report.		
Executive Response	No response was required.		

Item no	5	Title	Improvements in Royal Pump Rooms
Scrutiny Comment	<p>The Finance & Audit Scrutiny Committee fully supported the recommendations in the report.</p> <p>However, Members raised concerns that the catering contract at the Pump Rooms will be extended for a further 12 months from February 2018 although they noted the reasons for this decision.</p>		
Executive Response	The Executive recognised the concerns raised by Finance & Audit Scrutiny Committee and explained that it would be monitoring this situation very closely.		

Item no	8A	Title	Significant Business Risk Register
Scrutiny Comment	The Finance & Audit Scrutiny Committee noted the report but expressed their dissatisfaction that the Leader of the Executive was not available to attend the meeting and answer their questions.		
Executive Response	The Leader accepted that he normally attended Finance & Audit Scrutiny Committee for this item but was not present last night because he wanted to listen to the debate at the Overview & Scrutiny Committee regarding Fire Safety in High Rise Buildings and Environmental Enforcement Service Delivery Options.		

 Finance & Audit Scrutiny Committee – 30 August 2017		Agenda Item No. 8
Title	Review of the Work Programme & Forward Plan	
For further information about this report please contact	Amy Barnes Senior Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	n/a	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	n/a
Equality & Sustainability Impact Assessment Undertaken	n/a

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		
Head of Service		
CMT		
Section 151 Officer		
Monitoring Officer		
Finance		
Portfolio Holder(s)		
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. Summary

- 1.1 This report informs the Committee of its work programme for 2017/18 (Appendix 1) and the current Forward Plan (Appendix 2).

2. Recommendation

- 2.1 Members consider the work programme and agree any changes as appropriate.
- 2.2 The Committee to; identify any Executive items on the Forward Plan which it wishes to have an input before the Executive makes its decision; and to nominate a Member to investigate that future decision and report back to the Committee.

3. Reasons for the Recommendation

- 3.1 The work programme should be updated at each meeting to accurately reflect the workload of the Committee.
- 3.2 If the Committee has an interest in a future decision to be made by the Executive it is within the Committee's remit to feed into the process.
- 3.3 The Forward Plan is the Executive's future work programme. If any non-Executive Member or Members highlight items which are to be taken by the Executive which they would like to be involved in, those Members can then provide useful background to the Committee when the report is submitted to the Executive and when the Committee passes comment on it.

4. Policy Framework

- 4.1 The work carried out by the Committee helps the Council to improve in line with its priority to manage services openly, efficiently and effectively.

5. Budgetary Framework

- 5.1 All work for the Committee has to be carried out within existing resources. Therefore, there is a limit to the time available that officers will have to assist Members, so the Committee may wish to prioritise areas of investigation.

6. Risks

- 6.1 This Committee contributes to the effective minimisation of risk by fulfilling its duties in a timely manner and scrutinising the work undertaken by the Executive.

7. Alternative Option(s) Considered

- 7.1 The only alternative option is not to undertake this aspect of the overview and scrutiny function.

8. Background

- 8.1 The five main roles of overview and scrutiny in local government are: holding to account; performance management; policy review; policy development; and external scrutiny.

- 8.2 The pre-decision scrutiny of Executive decisions falls within the role of 'holding to account'. To feed into the pre-decision scrutiny of Executive decisions, the Committee needs to examine the Council's Forward Plan and identify items which it would like to have an impact upon.
- 8.3 The Council's Forward Plan is published on a monthly basis and sets out the key decisions to be taken by the Council in the next twelve months. The Council only has a statutory duty to publish key decisions to be taken in the next four months. However, the Forward Plan was expanded to a twelve month period to give a clearer picture of how and when the Council will be making important decisions.
- 8.4 A key decision is a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.
- 8.5 The Forward Plan also identifies non-key decisions to be made by the Council in the next twelve months, and the Committee, if it wishes, may also pre-scrutinise these decisions.
- 8.6 The Committee should be mindful that any work it wishes to undertake would need to be undertaken without the need to change the timescales as set out within the Forward Plan. The Committee may wish to give greater consideration to the reports in Section 2 of Appendix 1, to maximise the time available for Members to input into the process.

Finance and Audit Scrutiny Committee WORK PROGRAMME 2017/18

30 August 2017

1	Annual Risk Management Report	Audit Item	Richard Barr
2	Audit Findings Report	Audit Item	Mike Snow

26 September 2017

1	Internal Audit Quarter 1 2017/18 Progress Report	Audit Item	Richard Barr
2	Annual Governance Statement Qtr 1 Action Plan Report	Audit Item	Richard Barr
3	External Audit Findings Report	Audit Item	Mike Snow
4	Contracts Registers Reviews – Finance	Scrutiny Item	Mike Snow
5	Procurement Strategy Half Year Update	Scrutiny Item	John Roberts
6	Infrastructure Delivery Plan – 6 Month Update	Scrutiny Item	Tony Ward

31 October 2017

1	Service Risk Register Review (Health & Community Protection)	Audit Item	Marianne Rolfe
2	Significant Business Risk Register	Audit Item	Richard Barr
3	National Fraud Initiative Update	Audit Item	Ian Wilson
4	Update on Corporate Fraud Team	Scrutiny Item	Mike Snow / Andrea Wyatt

28 November 2017

1	Internal Audit Quarter 2 2017/18 Progress Report	Audit Item	Richard Barr
2	Annual Governance Statement Qtr 2 Action Plan Report	Audit Item	Richard Barr
3	Treasury Management Half Year Review	Audit Item	Karen Allison

3 January 2018

1	Significant Business Risk Register	Audit Item	Richard Barr
2	Contracts Register – Chief Executive	Scrutiny Item	Chris Elliott

6 February 2018

1	Service Risk Register Review (Cultural Services)	Audit Item	Head of Service

6 March 2018

1	Internal Audit Quarter 3 2017/18 Progress Report	Audit Item	Richard Barr
2	Annual Governance Statement Qtr 3 Action Plan Report	Audit Item	Richard Barr

4 April 2018

1	Significant Business Risk Register	Audit Item	Richard Barr
2	Internal Audit Strategic Plan (2018/19 to 20/20/21 plan)	Audit Item	Richard Barr
3	Procurement Strategy Annual Review	Audit Item	John Roberts
4	2018/19 External Audit Plan	Audit Item	Mike Snow
5	End of Term Report	Scrutiny item	Amy Barnes / Chair
6	Health & Community Protection – Contracts Register	Scrutiny Item	Marianne Rolfe

30 May 2018

1	Annual Governance Statement	Audit Item	Richard Barr
2	Internal Audit Quarter 4 Progress Report	Audit Item	Richard Barr
3	Treasury Management Annual report	Audit Item	Karen Allison
4	Service Risk Register Review (Neighbourhood Services)	Audit Item	Rob Hoof



Warwick District Council Forward Plan August to November 2017

**Councillor Andrew Mobbs
Leader of the Executive**

The Forward Plan is a list of all the Key Decisions which will be taken by the Executive in the next four months. The Warwick District Council definition of a key decision is: - a decision which has a significant impact or effect on two or more wards and/or a budgetary effect of £50,000 or more.

Whilst the majority of the Executive's business at the meetings listed in this Forward Plan will be open to the public and media organisations to attend, there will inevitably be some business to be considered that contains, for example, confidential, commercially sensitive or personal information.

This is formal notice under the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 that part of the Executive meeting listed in this Forward Plan will be held in private. This is because the agenda and reports for the meeting will contain exempt information under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and that the public interest in withholding the information outweighs the public interest in disclosing it. Those items which are proposed to be considered in private are marked as such along with the reason for the exclusion in the list below.

If you would like to make representations or comments on any of the topics listed below, including the confidentiality of any document, you can write to the contact officer, as shown below, at Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire, CV32 5HZ. Alternatively you can phone the contact officer on (01926) 456114. If your comments are to be referred to in the report to the Executive or Committee they will need to be with the officer 7 working days before the publication of the agenda. You can, however, make comments or representations up to the date of the meeting, which will be reported orally at the meeting. The Forward Plan will be updated monthly and you should check to see the progress of the report you are interested in.

(895)

Section 1 – The Forward Plan August to November 2017

Topic and Reference	Purpose of report	If requested by Executive – date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
August 2017						
Budget Review Quarter One to include Financial Projections (Ref 848)	To report on the latest financial prospects for the current and future 5 years.		Executive 31/08/2017	22/08/2017	Andy Crump Cllr Whiting	
12 Month Review of Waste Container Charging Policy (Ref 857)	To review the waste container charging policy after 12 months of it being in effect.		Executive 31/08/2017	22/08/2017	Becky Davies Cllr Grainger	Waste container charging paper: Executive meeting – 10 February 2016 - Agenda item no.3 and Council – 24 February 2016 8 month review of waste container charges: Finance and Audit Scrutiny Committee – 7 Feb 2017 Agenda item no.9 and Overview and Scrutiny Committee – 7 Feb 2017 Agenda item no.7

Car Park Fees and Charges (Ref 862)	To consider the recommendations for changes to car park fees and charges.		Executive 31/08/2017	22/08/2017	Gary Charlton Cllr Grainger	Warwick District Chambers of Trade and BID Leamington.
Neighbourhood Services Redesign (Ref 892)	To set out the proposed changes to the structure and posts within Neighbourhood Services and associated cost		Executive 31/08/2017	22/08/2017	Rob Hoof Cllr Grainger	Employment Cttee 13/9/2017
Request for Extension of VCS Contracts 2015 – 2018 (Ref 883)	To seek agreement for the extension of the current VCS contracts by 3 months (so to terminate on 30 June as opposed to 31 March 2018) as there has been slippage with starting the re-commissioning process and review of VCS spend due to procurement issues		Executive 31/8/2017	22/8/2017	Liz Young Cllr Thompson	VCS Commissioning and Grants Panel and report to Executive in March 2017 on the review of Forums and VCS spend.
Private Sector Housing Grants Policy (Ref 658)	To propose a revised policy for the allocation of grant funding for private residents.		Executive 31/8/2017	22/8/2017	Ken Bruno Cllr Phillips	
Mallory Grange – affordable housing purchase (Ref 889)	To recommend the purchase of 10 affordable homes (It is anticipated that part or all of this report will be considered in confidential session by the Executive because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information))		Executive 31/8/2017	22/8/2017	Ken Bruno Cllr Phillips	
Leisure Development Programme – extension of temporary contracts (Ref 890)	To seek approval for extension of temporary contracts		Executive 31/8/2017	22/8/2017	Rose Winship Cllr Coker	

Planning Development Brief for Kenilworth Local Plan Strategic Sites H06, H40, E2 and ED2 (Ref 891)	To seek approval for Planning Development Brief for Kenilworth Local Plan Strategic Sites H06, H40, E2 and ED2		Executive 31/8/2017	22/8/2017	Dave Barber Cllr Rhead	
Land at The Holt, Leamington Spa (Ref 872)	To consider the potential disposal of WDC owned land.		Executive 28/06/2017 Reason 5 31/8/2017	22/8/2017	Chris Makasis Cllr. Phillips	Ward Councillors

September 2017

Fees and Charges (Ref 849)	To propose the level of fees and charges to be levied from 2 January 2018.		Executive 27/09/2017	19/09/2017	Andy Crump Cllr Whiting	
Exemption to Code of Procurement Practice – Mace Ltd (Ref 881)	To seek approval for the extension of the contract to accommodate the extended build programme for Phase I of the Leisure Development Programme.		Executive 27/09/2017	19/09/2017	Padraig Herlihy Cllr Coker	
Leamington Spa Car Parking Displacement Plan (Ref 844)	To set out the options available should vehicles be displaced from Covent Garden car park and to consider alternative parking options within Leamington Town Centre.		Executive 4/4/2017 Reason 2 31/08/2017 Reason 3 27/9/2017	19/09/2017	Gary Charlton Cllr Grainger	
Shared Environmental Enforcement with Rugby Borough Council (Ref 893)	Following approval on 26 July 2017, of the recommendation within the Executive Report entitled "Environmental Enforcement Service Delivery Options" to adopt a shared service with Rugby Borough Council; this report provides a Service Assessment and Business Case for the approach.		Executive 27/09/2017	19/09/2017	Graham Folkes-Skinner Cllr Grainger	

October 2017 - No scheduled Executive meetings at this time.

1 November 2017 – No key decisions scheduled for consideration at this time

29 November 2017

12 Month Review of New Housing Allocations Policy (Ref 858)	To review the working of the new Housing Allocations Policy.		Executive 29/11/2017	21/11/2017	Ken Bruno Cllr Phillips	
Budget Review Quarter Two (Ref 874)	To report on the latest financial prospects for the current and future 5 years.		Executive 29/11/2017	21/11/2017	Andy Crump Cllr Whiting	
General Fund Base Budgets 2018/19 to include Budget Review for the current year (Ref 877)	To consider the following year revenue budgets for the General Fund and update Members on the latest Budgets for 2017/18.		Executive 29/11/2017	21/11/2017	Marcus Miskinis Cllr Whiting	
HRA Base Budgets 2018/19 (Ref 878)	To consider the following year revenue budgets for the HRA and update Members on the latest position for the current year.		Executive 29/11/2017	21/11/2017	Andrew Rollins Cllr Phillips	

Re-commissioning of services provided by the Voluntary and Community Sector 2018-2021 and review of VCS investment (Ref 884)	<p>For members to approve the tender specification for the re-commissioning of VCS services for 2018-2021 and to approve the recommendations for savings relating to the Council's investment in the VCS within the H&CP budget for 2018 – 19.</p> <p>(It is anticipated that part or all of this report will be considered in confidential session by the Executive because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information))</p>		Executive 29/11/2017	21/11/2017	Liz Young Cllr Thompson	To follow
Consideration of a Hackney Carriage Vehicle Limitation Policy (Ref 851)	<p>To update members on the results of the WDC Hackney Carriage Unmet Demand Survey and:</p> <p>Meeting1 – Introduce highlights of survey and propose a 6 week consultation on recommended options outlined in the survey.</p> <p>Meeting 2 – Update on the consultation & determine any change to policy, following the consultation.</p>		Executive 29/11/2017	21/11/2017	Lorna Hudson Cllr Thompson	<p>Taxi trade, local business, safer communities, disability, equality and other local group representatives, Town Councils, Police.</p> <p>Questionnaire on website/email.</p> <p>CTS Traffic & Transportation Final Report - July 2016</p> <p>Licensing & regulatory Committee</p> <p>25/9/2017</p>

Section 2 Key decisions which are anticipated to be considered by the Council between December 2017 and February 2018						
Topic and Reference	Purpose of report	If requested by Executive – date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
December 2017 – No scheduled Executive meetings at this time						
4 January 2018 – No items planned for consideration at this time						

7 February 2018						
General Fund 2018/19 Budgets & Council Tax (Ref 885)	To update Members on the overall financial position of the Council, consider the General Fund Revenue and Capital Budgets for the following financial Year. To propose the Council Tax for the following year		Executive 7/2/2018	30/1/2018	Mike Snow Cllr Whiting	
HRA Rent Setting 2018/19 (Ref 886)	To report on the proposed level of Housing Rents for the following year and the proposed budget		Executive 7/2/2018	30/1/2018	Mike Snow Cllr Phillips	
Heating, Lighting and Water Charges 2018/19 – Council Tenants (Ref 887)	To propose the level of recharges to council housing tenants to recover the costs of communal heating, lighting and water supply		Executive 7/2/2018	30/1/2018	Mike Snow Cllr Phillips	
Treasury Management Strategy (Ref 888)	To seek member approval of the Treasury Management Strategy and Investment Strategy for the forth coming year		Executive 7/2/2018	30/1/2018	Mike Snow Cllr Whiting	

Section 3 Key decisions which are anticipated to be considered by the Council but the date for which is to be confirmed						
Topic and Reference	Purpose of report	History of Committee Dates & Reason code for deferment	Contact Officer & Portfolio Holder	Expansion on Reasons for Deferment	External Consultees/ Consultation Method/ Background Papers	Request for attendance by Committee
Council Development Company (Ref 727)	To consider a report on establishing a Council Development Company.	Executive 9/3/2016 2/6/2016 29/6/2016 Reasons 1 & 2	Bill Hunt Cllr Phillips	Awaiting further information on the implications of the Housing & Planning Act.		
Revisions to the Constitution/ Delegation Agreement (Ref 819)	To request revisions to the Constitution/ Delegation Agreement with regard to the determination of Planning Applications.		Tracy Darke/Gary Fisher Cllr Rhead	This is the subject of on-going discussion with key members.		
Leisure Development – Phase II (Kenilworth) (Ref 803)	To agree the scope of Phase II.	Executive 28/9/2016 Reason 5	Rose Winship Cllr Coker			
HRA Asset Management and Development Policy (Ref 829)			Bill Hunt Cllr Phillips			
Recording and Broadcasting of Public Meetings (Ref 840)	To inform members of the research into the potential to record and broadcast all Council meetings as per the Notice of Motion to Council.	Council 29/6/2016 Executive 5/1/2017 8/2/2017 Reason 3	Graham Leach Cllr Mobbs	Currently being investigated in tandem with Council Chamber PA issues.		
Councillors IT (Ref 841)	To report back on the work of the Councillor IT Working Party.	Executive 5/1/2017 8/2/2017 Reason 3	Graham Leach Cllr Mobbs	Awaiting the outcome of Members' Allowances Review.		

WDC Enterprise – New Trading Arm (Ref 817)	To seek approval to establish a Local Authority Trading Company, to expand support provision whilst capitalising on existing skills to maximise income.	Executive 2/11/2016 Reason5 5/1/2017 Reason5 8/2/2017 Reason 5	Gayle Spencer Cllr Butler			
Events Review (Ref 832)	To review the provision and support of events in the District.	Executive 8/3/2017 Reason 4	James DeVille Cllr Butler			
HQ Relocation Project – outcome of phase 1 work (Ref 801)	To consider the outcomes of the phase 1 work and, if appropriate, seek approval for commencement of the phase 2 delivery works.	Executive 26/07/2017 Reason 3	Bill Hunt Cllrs Mobbs, Whiting, Rhead, Butler, Grainger	Timing is dependent on the completion of the planning, marketing and procurement processes.		
Proposed Relocation of Kenilworth School (Ref 869)	To agree the Council's level of support in enabling the school to take its proposals forward.	Executive 28/06/2017 Reason 3	Andrew Jones Cllr Mobbs			
Policy on Regulating the Private Rented Sector (Ref 880)	To adopt a revised policy on private rented sector regulation in light of new legislation and guidance.		Ken Bruno Cllr Phillips	Awaiting the publication of government guidance.		
Linen Street Car Park (Ref 861)	To consider recommendations for redevelopment for the Linen Street Car Park facility	Executive 28/06/2017 Reason 3	Paul Garrison Cllr Grainger			Ward Councillors
Leamington Cemetery North Lodge (Ref 828)	To review the future use of Leamington Cemetery North Lodge.	Executive 4/4/2017 28/06/2017 31/08/2017 Reason 3	Rob Hoof Cllr Grainger			

Corporate Asset Management Strategy (Ref 641)	To propose an Asset Management Strategy for all the Council's buildings and land holdings.	Executive 29/6/2016 Reason 5 1/9/16 Reasons 3 & 5 5/1/2017 Reasons 3 & 5 8/2/2017 Reasons 3 & 5 26/07/2017 Reasons 3 & 5 31/8/2017 Reason 3	Bill Hunt Cllrs Mobbs, Butler, Grainger, Coker & Whiting			
One Stop Shop Business Case (Ref 894)	Provide a Business Case to ensure that the shared One Stop Shop Service is in line with Warwick District Council's ICT & Digital Strategy 2015-19	7 Match 2018	Graham Folkes-Skinner Cllr Grainger			

Section 4 – Items which are anticipated to be considered by the Executive but are NOT key decisions

Topic and Reference	Purpose of report	If requested by Executive – date, decision & minute no.	Date of Executive, Committee or Council meeting	Publication Date of Agendas	Contact Officer & Portfolio Holder	External Consultees/ Consultation Method/ Background Papers
August 2017						
Rural Urban Community Initiative Scheme Applications	To consider applications for Rural and Urban Initiative Grants.		Executive 31/08/2017	22/08/2017	Jon Dawson Cllr Whiting	
September 2017						
Rural Urban Community Initiative Scheme Applications	To consider applications for Rural and Urban Initiative Grants.		Executive 27/09/2017	19/09/2017	Jon Dawson Cllr Whiting	

October 2017 – No scheduled Executive meetings at this time.						
1 November 2017 – No scheduled reports at this time.						
Review of Significant Business Risk Register	To inform Members of the Significant Risks to the Council		Executive 1/11/2017	24/10/2017	Richard Barr Cllr Mobbs	
29 November 2017						
Rural Urban Community Initiative Scheme Applications	To consider applications for Rural and Urban Initiative Grants.		Executive 29/11/2017	21/11/2017	Jon Dawson Cllr Whiting	
Internal Audit Quarter 2 Progress Report	To review progress in achieving the Audit Plan.		Executive 29/11/2017	21/11/2017	Jon Dawson Cllr Whiting	
December 2017 – No scheduled Executive meetings at this time.						
4 January 2018						
Rural Urban Community Initiative Scheme Applications	To consider applications for Rural and Urban Initiative Grants.		Executive 4/1/2018	21/12/2017	Jon Dawson Cllr Whiting	
Review of Significant Business Risk Register	To inform Members of the Significant Risks to the Council		Executive 4/1/2018	21/12/2017	Richard Barr Cllr Mobbs	
7 February 2018						
Rural Urban Community Initiative Scheme Applications	To consider applications for Rural and Urban Initiative Grants.		Executive 7/2/2018	30/1/2018	Jon Dawson Cllr Whiting	

Delayed reports:

If a report is late, officers will establish the reason(s) for the delay from the list below and these will be included within the plan above:

1. Portfolio Holder has deferred the consideration of the report
2. Waiting for further information from a Government Agency
3. Waiting for further information from another body
4. New information received requires revision to report
5. Seeking further clarification on implications of report

Details of all the Council's committees, Councillors and agenda papers are available via our website www.warwickdc.gov.uk/committees

The forward plan is also available, on request, in large print on request, by telephoning (01926) 456114