DERBYSHIRE DALES DISTRICT COUNCIL

Statement of Accounts 2016/17

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STATEMENT OF ACCOUNTS 2016/17

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NARRATIVE STATEMENT

INTRODUCTION

Derbyshire Dales District Council in one of eight second-tier authorities within the county of Derbyshire. It covers an area of 307 square miles with a population of 71,000 people. The northern half of Derbyshire Dales lies within the Peak District National Park between Manchester and Sheffield, the southern part borders the National Forest and the City of Derby. The rural market towns of Matlock, Ashbourne, Bakewell and Wirksworth are the main areas of population with the remaining residents living in surrounding parishes. The major industries are farming, mineral extraction and tourism, but public sector organisations such as the county council are also a major employer.

The purpose of this foreword is to provide a concise and understandable guide for the reader of the accounts of the most significant aspects of the Council's financial and non-financial performance, year-end financial position and cash flows.

FINANCIAL PERFORMANCE

The Council's accounts for the financial year 1 April 2016 to 31 March 2017 (2016/17) and the related notes are shown on pages 33 to 101. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) applicable to local authorities. The Code designates certain financial statements as "core" and requires these to be grouped together in a specified order, to be followed by a consolidated set of notes to the accounts covering all of the core statements. Supplementary statements must be presented (with their own notes) after the notes on the core statements.

The Code sets out the proper accounting practices required for Statements of Accounts, by section 21(2) of the Local Government Act 2003 prepared in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2003.

The Statement of Accounts provides information on how the Council has used the financial resources available to it and answers the following significant questions, such as:

- How much did the Council's services cost in 2016/17?
- Where did the money come from?
- What were the major influences on the Council's Income and Expenditure?
- What were the Council's assets and liabilities at the close of 2016/17?

SUMMARY OF THE 2016/17 FINANCIAL YEAR

The Council incurs revenue and capital expenditure in the year. Revenue spending is generally on items that are consumed within a year and is financed from the council tax, government grants and various fees and charges. Capital expenditure has to have a benefit beyond one year and is financed by loans, grants, capital receipts or directly from revenue.

General Fund revenue spending in 2016/17

During 2016/17 the Council has faced a number of challenges in successfully managing its financial position.

In setting its budget for 2016/17 the District Council planned additional savings of £1.2 million over the five years to 2020/21, including reducing employee costs and continuing a comprehensive review of spending across all its services. Council Tax was increased by 1.94%, with the average bill for Derbyshire Dales' services set at £193.34 per year, equivalent to a weekly bill of £3.72, or just over 50p per household per day. During 2016/17 officers have regularly reported to Council with updates on the Sustainable Financial Position.

The following table provides a summary of revenue income and expenditure for 2016/17, compared with the original budget (i.e. the budget that was approved by Council when setting the Council Tax for 2016/17 prior to the start of the financial year) and the revised budget (approved by the council in March 2017).

	2016/17 Budget £'000s	2016/17 Revised Budget £'000s	2016/17 Actual £'000s	2016/17 Variance £'000s	2015/16 Actual £'000s
Chief Executive	494	508	503	-5	472
Community Development	1,727	2,001	1,894	-107	1,857
Corporate Services	2,050	1,722	1,720	-2	1,670
Housing Services	1,525	206	-216	-422	-517
Environmental Services	2,582	2,840	3,012	172	2,405
Regeneration and Policy	741	741	720	-21	941
Regulatory Services	818	823	623	-200	639
Resources	2,276	2,512	1,982	-530	2,346
Cost of services	**12,213**	**11,353**	**10,238**	**-1,115**	**9,813**
Other Operating Expenditure including Parish Precepts	1,406	1,406	833	-573	931
Financing and Investment income and Expenditure	921	809	810	1	932
Taxation and Non Specific Grant income	-11,152	-11,384	-11,250	134	-11,412
(Surplus) or Deficit on Provision of Services	**3,388**	**2,184**	**631**	**-1,553**	**264**
Net additional amount required by statute & non statutory proper practise, to be credited to the General Fund Balance for the year	-3,373	-2,159	-638	1,521	-263
(Increase) / decrease in General Fund Balance	**15**	**25**	**-7**	**-32**	**1**

The General Fund Balance for 2016/17 increased by £7,000. The revised budget assumed a deficit of £25,000 and therefore there is an under-spending of £32,000. The major variances are:

- Increased income £370,000.
- Reduced expenditure on housing benefits (net of reduced income) £200,000.
- Transfer to reserve to fund losses on 2016/17 retained business rates £600,000.
- Reduced expenditure on salaries £75,000.
- Reduced expenditure on energy costs £60,000.

Capital Spending in 2016/17

Capital expenditure can be defined as that which generates an asset that has a useful life of more than one year. The capital account shows the Income and Expenditure transactions the Council makes when it:

- buys or sells land or property
- builds new property
- carries out work that enhances the Council's properties
- improves the Council's properties

- provides grants for the above types of activity, for example, improvement grants.

The original budget (capital programme) for the year was £4,582,147. This was revised to take account of the position at the end of the 2015/16 financial year and to reflect progress on schemes. The revised capital programme for 2016/17 was £4,181,337. The capital spending outturn for the year was £2,866,828; this resulted in an under-spend of £1,314,509 from the revised programme.

The table below shows capital spending, analysed by the Council's priorities.

	2016/17 Estimated Budget Nov-16 £'000s	2016/17 Revised Budget Mar-17 £'000s	2016/17 Actual £'000s	2015/16 Actual £'000s
Council Priorities 2016/17				
Business growth and Job Creation	0	25	25	0
Affordable Housing	0	817	749	0
Market Towns	0	546	237	0
A Clean & Safe District	0	1,034	840	0
Efficiencies & Innovative Working Practices	0	117	49	0
Other	0	1,642	967	0
Council Priorities 2015/16				
A Thriving District	2,051	0	0	1,329
A Clean & Safe District	2,330	0	0	402
Efficiencies & Innovative Working Practices	201	0	0	43
Total Capital Spending	**4,582**	**4,181**	**2,867**	**1,774**

At 31st March 2017, there is an under-spend of £1,314,509 compared with the revised estimate; the principal schemes contributing to the under-spend are:

- Car Parking: Various schemes (£234,000)
- Replacement of Pay & Display ticket machines (£82,000)
- Parks Condition Survey Works (£98,000)
- Vehicles (£69,000)
- Electronic Document Management System (£66,000)
- Matlock Town Hall Condition Survey Works (£71,000)
- Leisure Centre Condition Survey Works (£367,000)
- Public Conveniences Condition Survey Works (£87,000)

Approval has been given to carry forward the under-spend into 2017/18.

Capital Resources

The Council has substantial internal resources to finance its capital programme including its strategic reserves and the balance of its Capital Receipts Reserve. Details of these can be found in the Notes to the Financial Statements. Also available is the use of external borrowing when required. Currently the Council has borrowing in respect of Arc Leisure Matlock and its latest purchase of Wheeled Bins that give rise to a Minimum Revenue Provision (see below), and long term liabilities in respect of finance leases for cleansing and refuse vehicles. The Council has sufficient resources to fund its existing capital programme.

The table below shows how the capital spending in the year was financed:

	2016/17 £'000s	2015/16 £'000s
Capital Receipts	93	366
Government Grants and Contributions	379	263
Other Grants and Contributions	378	14
Direct Financing from Revenue	2,017	1,130
Total Capital Financing	**2,867**	**1,774**

Capital Investment Plans

The Council has a five-year rolling capital programme at present totalling £9.4m. The major elements are as follows:

	£m
Expanding Services	4.6
Maintaining Existing Levels of Service	4.8

Receipts from the Sale of Assets

The Council received £625,000 from the sale of non- current assets during 2016/17. This was credited to the Capital Receipts Reserve. This income comprised the following:

	£000
Housing Stock Transfer (Right to Buy Sharing Agreement)	600
Sale of Gym Equipment	25
Total Capital Receipts	**625**

Details of the movements on the Capital Receipts Reserve can be found in Note 9 to the Financial Statements.

Collection Fund and Council Tax and Business Rates Collection

Total expenditure on the Collection Fund totalled £67m in 2016/17 (as shown on page 96). During the year 98.7% of council tax and 97.8% of business rates was collected.

Total council tax arrears, including costs, amounted to £1.7m as at 31 March 2017 (£1.95m at 31 March 2016) and this will be collected during 2017/18. Council tax is collected on behalf of Derbyshire County Council, Derbyshire Fire and Rescue Authority and Derbyshire Police Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to precepts. After providing for doubtful debts the Fund balance relating to council tax increased by £45,000 during the year, resulting in a surplus carried forward of £297,000. When setting the level of Council Tax for 2016/17, it was estimated that there would be a surplus of £330,000.

Total business rates arrears, including costs, amounted to £0.8m as at 31 March 2017 (£1.2m at 31 March 2016) and this will be collected during 2016/17. Business rates are collected on behalf of the government, Derbyshire County Council and Derbyshire Fire and Rescue Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to prescribed shares. After providing for doubtful debts and outstanding appeals the Fund deficit relating to business rates stood at £1,500,000. This deficit has been apportioned between this Council, the government, Derbyshire County Council and Derbyshire Fire Authority and will be taken into account when setting the Council Tax for 2018/19.

Pensions

As part of its terms and conditions of employment the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until the employees retire, the Council has a present commitment to make those payments when employees retire. Note 39 to the Financial Statements, on pages 86-91 gives further information and shows that the Council has a net liability of £22.0m at 31 March 2017 (£20.3m at 31 March 2016). Statutory arrangements allow the Council to make good this liability over the remaining working lives of employees. The changes to local government pension regulations with effect from 1 April 2015, including an increase in employee contributions and a move from pensions calculated on 'final salary' to 'career average', are designed to help local authorities meet their pension deficits in the longer term.

Treasury Management Performance

During the financial year, the Council operated within the treasury limits set out in the Council's Treasury Management and Annual Investment Strategy which was approved in March 2017.

The Council continues to operate a cautious approach to its dealings in the financial markets and accordingly reviews its Treasury Management Strategy regularly. Derbyshire Dales District Council currently deals only with major banks, larger building societies and public bodies for its daily cash flow purposes. It does not currently have any long term debt maturing.

Interest credited to the Comprehensive Income and Expenditure Statement in 2016/17 was £36,000 (2015/16 £52,000). The average rate of interest on investments was 0.3% (0.4% 2015/16).

The Council held investments of £7.3m at 31 March 2017 (£7.3m on 31 March 2016).

Reserves and Balances

Revenue balances carried forward at 31 March 2017 total £1,915,000 (31 March 2016 £1,908,000). This balance is significant as it reflects the revenue balances that are generally available for new expenditure. The Council has determined that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of earmarked reserves held at 31 March 2017 is £10,344,000 (£9,974,000 at 31 March 2016). A full analysis of earmarked reserves is contained in Note 10 to the financial statements.

The Balance Sheet demonstrates that net worth has decreased by £2m during the year to £46.8m.

NON-FINANCIAL PERFORMANCE

The key document that frames the actions of the Council is the Corporate Plan. The Corporate Plan sets out the District Council's priorities and areas for improvement. It identifies a number of priority targets to be achieved each year. These targets set out the District Council's main promises as to what it wishes to achieve to help meet its top priorities.

For 2016/17, there were thirteen Corporate Plan targets set by Council in March 2016. These covered the three priority areas of:

- Business growth and job creation
- Affordable Housing
- Market Towns

They were to be achieved whilst also maintaining a clean and safe District and continuing to seek efficiencies and innovative working practices.

The table below sets out headline progress against the Council's Corporate Plan targets:

Target Areas 2016/17	Progress Against Key Target
Business growth and job creation	
• Enable 33 new businesses to start	• Enabled 26 new businesses to start
• Provide support to 100 established businesses	• Provided support to 101 established businesses in the Derbyshire Dales, enabling the creation of jobs
• Support 20 businesses to access grants or loans	• Supported 22 Derbyshire Dales businesses to access grants or loans from Government and Local Enterprise Partnerships
• Promote key development sites	• Detailed road scheme design underway at Ashbourne Airfield Industrial Estate
Affordable housing	
• Complete 39 new affordable homes	• Completed 36 new affordable homes
• Support 150 social housing tenants affected by Welfare Reform access financial and budgeting advice, and where necessary, help move home	• Supported 150 social housing tenants affected by Welfare Reform access financial and budgeting advice, and where necessary, help move home
• Provide adaptations to the homes of 35 disabled people	• Provided adaptations to the homes of 55 disabled people
Market Towns	
• Increase average stall occupancy at District Council markets to 70%	• Occupancy at Bakewell above target, but below elsewhere
• Pilot four specialist markets within existing District Council stall markets	• Specialist market took place in Bakewell during November 2016 with second market planned for spring 2017
• Manage the restoration of wrought iron railings at St Mary's Church, Wirksworth	• Scheduled for completion summer 2017
• Conduct an audit of signage between Matlock Bath and Cromford	• Assistance offered to Matlock Bath Support Group to help with signage audit

Make savings to achieve a sustainable budget	• Programme of efficiency savings and service reviews identified £1,168,000 of savings by March 2017

In addition, within individual Service Plans there are a small number of key targets for achievement within those service areas. These thirteen Key Performance Indicators measure how well the District Council is doing at maintaining basic service standards. They cover services such as determining planning applications in good time, paying bills on time, collecting Council Tax efficiently, and paying benefits claims promptly.

The following table sets out a summary of final outturns for the financial year 2016/17, and includes the 13 Corporate Plan targets and the 13 Key Performance Indicators for services (26 targets in total):

	No. of Targets	Green	Amber	Red	No Longer Collected
Corporate Plan targets	13	5	4	3	1
Key Performance Indicators	13	11	0	2	0
TOTAL	**26**	**16**	**4**	**5**	**1**

Overall, of the 26 performance indicators for the financial year 2016/17, 20 (80%) were fully or partially achieved. A lower proportion of Corporate Plan targets were fully achieved (5 out of 12, or 42%) as compared to Key Performance Indicator targets (11 out of 13, or 85%). Corporate Plan targets tend to be project based and involve a range of partners, they are therefore more complex and subject to factors outside the Council's direct control, which often means the timescales for delivery become extended.

Corporate Plan target performance was reported to Council in March 2017.

Key events and issues for 2017/18 and beyond

The Council continues to face significant financial pressures. The key issue facing Derbyshire Dales District Council in the medium term is the need to produce a balanced budget in the face of declining government support, resulting from the government's austerity measures.

Although savings and efficiency gains have been achieved each year in order to set a balanced budget, the latest projection has identified that further savings of around £1.6million are required over the next five years.

There are a number of major projects outlined below that are being undertaken that will significantly influence the Council's ability to balance its budget in the future. There is also a requirement for significant work and expertise to ensure that the best outcome for the Council and residents is achieved.

Leisure Services

The Council has already approved the decision to outsource all four Leisure Centres. The recommendation to do this was based on the Council's inability to continue to subsidise the Centres at the current rate and the significant savings that could potentially accrue if other providers took the Centres on. The outline timetable for the work presented to Council suggested a target date of May / June 2018 to let the contract. Work has commenced on this process with a senior group of Officers working together on the project plan, procurement routes (with external expertise from the County Council helping to facilitate this), communications, consultation approaches, specification details, etc. Expertise is being sought externally to assist with the detailed specification writing.

Waste Contract

The Council's Waste Contract is due for renewal / re-tendering in 2020. Experience dictates that the lead in time, to ensure the procurement process is not pressurised and proper consideration is given to the options available for the Council for the future, needs to start now. The knowledge from the market is not good in terms of future service costs with significant increases in contract costs being forecast. So far, Officers have not built in any potential contract increases into the financial forecasts but the assumption is that, when these are built in, the savings required to balance the books will increase and not insignificantly.

It is, therefore, important that the Council starts to look at future service delivery options and its priorities in determining the type of service it can afford to deliver. The Council has, with others, already secured external funding to use WRAP (Waste & Resources Action Plan) in some financial modelling. There is no doubt that as this work progresses, the Council will need to secure further external expertise to help the Officers through the process.

Revenues and Benefits (Arvato) Contract

The contract exists between Chesterfield Borough Council and arvato for the delivery of the Revenues and Benefits Service. This Council joined the contract in 2012 and is, through the location and systems used, tied to a certain extent to Chesterfield's lead on this. The contract is due for renewal / re-tendering in 2020 and, as with the Waste Contract, the Council needs to start now by looking at the options for the future and working with Chesterfield on a way forward. As with the Waste Contract, to increase capacity or to ensure the right expertise is available to the Council, external support is required.

Local Plan

The Local Plan has been submitted to the Planning Inspectorate and the Public Inquiry is due to start in May 2017, later than anticipated. This will involve the Corporate Director and the Planning Policy Team in an intense period of work in preparing for the Inquiry and representing the Council at the Inquiry.

FIRE ACTION STATEMENT

Following the Grenfell Tower tragedy, the District Council has been following the various guidance direct from DCLG and, more recently, from Zurich Insurance. Whilst we only have a single 2 storey residential property, we have taken the opportunity to review our fire precautions at our other sites.
Following ongoing consideration by our Corporate Leadership Team, Safety Committee and Risk Management Groups we intend to review our Fire Action Plans for our main property portfolio as set out below. This process is underway and we intend to have addressed these matters by the end of September 2017.

- Check all Operational Fire Risk Assessments are up to date, reviewed at least annually and renewed every 5 years.

- Ensure Fire Management and Evacuation Procedures are in place and are adequately tested and recorded.

- Ensure that fire doors, fire alarms, emergency lighting and fire-fighting and suppression equipment are in place and adequately tested, serviced and recorded.

- Ensure that all mechanical and electrical plant serving the building will be serviced and maintained and portable electrical appliances will be PAT tested in compliance with current regulations.

- Ensure that plant rooms are kept clear of all non-essential items and all escape routes are unobstructed and kept clear of combustible material.

- Details of cladding panels are to be provided to the Fire Authority and any subsequent advice from them or DCLG is to be followed.

STATUTORY STATEMENTS

The Council's statutory statements comprise:

Statement of Responsibilities – Page 11
This statement sets out the respective responsibilities for the accounts of the authority under Local Government legislation and other requirements, and those of the Head of Resources, who is the Council's Chief Financial Officer. Under the Code of Practice, the Head of Resources must sign the Statement of Responsibilities stating that the accounts present a true and fair view of the financial position of the Council.

Annual Governance Statement – Pages 12-29
This statement sets out the District Council's governance arrangements, within which financial control and risks of the authority are managed and reviewed. The statement identifies any significant control issues and action being taken to address them. This statement has to be certified by the Chief Executive and the Leader of the Council.

Auditor's Report – Pages 30-32
This report provides the independent auditor's opinion on the fairness of the accounts.

FINANCIAL STATEMENTS

The Statements required by the Code are explained in the notes below:

Expenditure and Funding Analysis – Page 33

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement – Page 34

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement – Page 35

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

Balance Sheet – Page 36

This is fundamental to the understanding of the Council's year-end financial position. The Balance Sheet shows the reserves at the Council's disposal, its long term indebtedness, the assets employed in its operations and current liabilities. The Balance Sheet excludes Trust Funds.

Cash Flow Statement – Page 37

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

Notes to Financial Statements – Pages 38 to 95

These are notes relating to the preceding financial statements which explain and provide additional information to figures included in the core statements.

Collection Fund – Page 96

This reflects a statutory requirement to maintain a separate Collection Fund. It shows the transactions of the Council as a billing authority in relation to business rates and the council tax, and illustrates the way these have been distributed to Central Government, precepting authorities and the General Fund.

STATEMENT OF RESPONSIBILITIES

The Authority's responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Resources;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

The Head of Resources' responsibilities

The Head of Resources is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code).

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

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

The Head of Resources has also:

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

CHIEF FINANCIAL OFFICER'S CERTIFICATE

I certify that the accounts set out on pages 33 to 101 present a true and fair view of the financial position of the Council at 31st March 2017 and its income and expenditure for the year ended 31st March 2017.

K Henriksen, C.P.F.A.
Head of Resources

14th September 2017

APPROVAL BY GOVERNANCE AND RESOURCES COMMITTEE

Cllr J Stevens
Chairman of Governance and Resources Committee
Date of Meeting: 14th September 2017

ANNUAL GOVERNANCE STATEMENT 2016/17

1. What is corporate governance?

Corporate governance is about making sure that the council is run properly.
It is about trying to achieve the Council's objectives while acting in the public interest at all times. This means carrying out business so that the council:

- operates in a lawful, open, inclusive and honest manner;
- makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- has effective arrangements for the management of risk;
- secures continuous improvements in the way that it operates.

The Governance Framework is the name given to the main management systems, processes, values and culture which ensure that the Council identifies, develops, delivers and reviews the services it provides, works collaboratively, and engages with and leads the community it serves. It ensures that the Council meets its published objectives whilst also assessing whether those objectives have delivered the services at an appropriate cost. It consists of the systems, controls and procedures that ensure that certain desirable activities happen or that undesirable events are avoided. It cannot and does not set out to eliminate all risks in relation to the failure to deliver policies and objectives as this is neither achievable nor desirable. It can therefore only provide a reasonable level of assurance, based on an assessment of the likelihood and the potential impact of risk to the achievement of the Authority's stated objectives, balanced with the resources available to deliver those objectives.
The Authority has published a Code of Governance which sets out the seven key principles of good governance to which it aspires. It sets out the main principle of good governance and the means of demonstrating compliance for each of these principles. A copy of the current Code is available on the governance page of our website.
This Annual Governance Statement explains how Derbyshire Dales District Council has complied with its own code of corporate governance and against guidance on best practice*. The processes being reviewed in this Statement have operated throughout the whole of the financial year ending 31 March 2017 and have remained in operation up to the date of approval of the 2016/17 Statement of Accounts. The key elements of the framework which are in place to meet the Council's responsibilities under the Code are set out in the following pages, together with an Action Plan (at the end of this statement) to identify any significant governance issues and explain how the Council will address them.

*The guidance applicable to 2016/17 is the CIPFA/SOLACE publication "Delivering good governance in local government", issued in April 2016.

2. How do we know that our arrangements are working?

Every year a review of the effectiveness of the Council's governance framework is conducted by the Corporate Leadership Team, supported by officers from policy, financial services and legal. Consideration is also given to reports from internal and external audit and from other inspection bodies (e.g. the Local Government Ombudsman's Annual report and findings on individual complaints, Food Standards Agency assessments and peer reviews).
The focus of the review is to:

- collate and evaluate evidence of corporate governance arrangements;
- compare the evidence against the Council's Code of Corporate Governance and the CIPFA/SOLACE guidance*;
- identify areas requiring action, which are highlighted in the Action Plan at the end of this statement.

The governance review process includes:

- The consideration of the Statement of Accounts;
- The Internal Audit Annual Report, which includes the Internal Audit Manager's opinion on the overall adequacy and effectiveness of the Council's control environment ;
- A review of compliance with the Council's Local Code of Corporate Governance with reference to CIPFA/Solace Guidance.
- Sign off by the Leader of the Council and the Chief Executive, once approved.

On the basis of our internal review of the operation of the Governance Framework and our assessment against the provisions of the CIPFA/SOLACE Code, the arrangements for the 2016/17 financial year have been assessed as **COMPLIANT, with some planned improvements**. This indicates that, in general, strong systems are in place but that there are some processes where one or more of the following were identified:-

- Some policy documentation is overdue for review and update;
- Improvements identified have yet to be fully implemented;
- Further training and/or knowledge of control processes is required.

Details of the review are set out in the following pages of this statement.

A success during 2016/17 is indicated by ✓

Areas for improvement are highlighted by ⚠

This year **three** governance issues have been identified; the action plan outlined at the end of this statement summarises the areas of governance focus needed to maintain an effective governance framework in these areas.

3. Did we meet the principles of Corporate Governance set out in our Code?

PRINCIPLE 1 - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ We have set out our priorities, aims, vision and values in our Corporate Plan; ➢ Our Codes of Conduct for members and employees set out clearly the standards that are expected, arrangements for reporting non-compliance and sanctions for any misconduct; ➢ Our values have been embedded in policies and processes; ➢ We require external organisations that provide services on behalf of the Council to act with integrity and in compliance with ethical standards expected by the Council ➢ We make sure that employees, and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements; ➢ We strive to optimise the use of the full powers available for the benefit of residents, communities and other stakeholders; ➢ We deal with breaches of legal and regulatory provisions effectively; ➢ We have effective arrangements to deal with incidents involving misuse of power	• Corporate Plan • Elected Member Code of Conduct • Annual Report to Council from the Independent Remuneration Panel on Members Allowances • Employee Code of Conduct • Planning Code of Good Practice • Protocol on Employee/Member Relations – Constitution • Constitution • Sponsorship Policy • Risk Management Strategy • Risk assessment of reports • Annual Complaints Report • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Corporate Enforcement Policy • Regulation of Investigatory Powers Act Surveillance Policy & Annual Report	✓ Our internal audit reviews in 2016/17 have not identified any incidents of fraud. We have extensive use of the general power of competence. ⚠ An internal audit report has identified opportunities to strengthen our arrangements for safeguarding (see action plan)

	• Protocol on the Management of the Civic Allowance • Inductions for new members and employees • Annual Performance and Development Reviews • Complaints Policy • Employee recruitment, interview and selection procedure • Job descriptions • Compliance with CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government" • Records of legal advice provided by officers • Monitoring Officer provisions • Procurement policy • Contracts with service providers. • Reports from the Local Government Ombudsman & Annual Report to Governance & Resources Committee • Audit reports issued by Food Standards Agency	

PRINCIPLE 2 – Ensuring openness and comprehensive stakeholder engagement		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ Our Committee and Council meetings are open to the public and agendas, reports and minutes are available on our website; ➢ The minutes of our meetings provide clear reasoning and evidence for decisions; ➢ We have a clear policy on information transparency; ➢ On our website we publish key performance indicators, financial information and details of the earnings, interests and activities of our Members and senior managers. ➢ We consult widely on our plans and use feedback to inform our decisions; ➢ We publish our Freedom of Information Policy and procedures. ➢ We operate clear and accessible arrangements for procuring supplies and services.	• Constitution • The Corporate Plan • Local Development Framework Consultation Plan • Reasoned decisions at quasi- judicial meetings • Annual review of Planning decisions • Constitution • FOI Publication Scheme • Details of spending over £250 on website • Regulation of Investigatory Powers Act 2000 Policy • Data Protection Policy • Council and Committee decisions • Report pro-formas • Web casting and recording of meetings • Public Participation Scheme • Area Community Forums • Town and Parish Council Conference • Council website • Calendar of meetings • Communications Strategy	✓ During 2016/17 we introduced web casting for Council meetings During the year we received 687 Freedom of Information requests (up from 611 in 2015/16).

	• Community & Engagement Strategy • Equality, Consultation and Engagement Plan • Equality and Diversity Policy • Annual Equality Plan • Residents' Panel • Record of consultations and use of feedback from consultations • Contract standing orders • Financial Regulations • Procurement Strategy • Reasons for decisions recorded in all regulatory and quasi-judicial matters • All reports include options, risks and potential outcomes • Procurement decisions require a clear audit trail including reasons • All recruitment decisions are reasoned and recorded	

PRINCIPLE 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ We have set out our priorities, aims, vision and values in our Corporate Plan; ➢ We set key performance indicators for each year and monitor actual performance against targets; ➢ We have a medium term financial strategy to ensure our financial sustainability; ➢ We operate an effective system of risk management; ➢ Our reports include an assessment of financial, legal and corporate risks and consider equalities, environmental, health, human rights, personnel and property issues; ➢ We carry out equality impact assessments to ensure fair access to services.	• Corporate Plan & Priorities • Service Plans • Community & Engagement Strategy • Equality, Consultation and Engagement Plan • Risk Management Strategy • Medium Term Financial Strategy • Annual Revenue Budget • Capital Programme & Prudential Indicators • Annual Governance Statement (part of the Statement of Accounts) • Annual Audit and Inspection Letter • Financial Regulations – Constitution • Contract Standing Orders – Constitution • Asset Management Plan • Equality Impact Assessments • Area Community Forums • Planning: Material Considerations • Committee Reports • Consultation feedback is taken into account at the point of decisions	✓ In 2016/17 we paid 99.65% of supplier invoices on time, our best ever result!

PRINCIPLE 4 - Determining the interventions necessary to optimise the achievement of intended outcomes.		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ Our reports include an assessment of financial, legal and corporate risks and consider equalities, environmental, health, human rights, personnel and property issues; ➢ We consult and use feedback from residents and service users when making decisions about significant service changes; ➢ We have strategic and operational plans, including a medium, term financial strategy, annual budgets, and service plans, that support the aims set out in the corporate plan; ➢ We set key performance indicators (KPIs) to identify how the performance of services and projects is measured ➢ We consider and monitor risks facing each partner when working collaboratively, including shared risks ➢ We review service quality regularly ➢ Our medium term financial strategy integrates and balances service priorities, affordability and other resource constraints ➢ We aim to achieve 'social value' through service planning and commissioning.	• Consultation and review of feedback including Area Community Forums • Risk Management Hub • Risk Management Register • Key Performance Indicators • Service Plans • Medium Term Financial Strategy • Medium Term Financial Plan • Efficiency Plan • Budget preparation in accordance with agreed strategy and Medium Term Financial Plan • Budget guidance and processes, including revised estimates • Capital Programme process and scorecard • Annual Audit and Inspection Letter • Confidential Reporting (Whistleblowing) Policy • Anti-Fraud, Bribery and Corruption Policy • Regulation of Investigatory Powers Act Surveillance Policy • Annual Review of Complaints • Calendar of meetings	✓ We updated our Medium Term Financial Strategy in 2016/17 and produced an Efficiency Plan to show how we aim to close our budget gap In 2016/17 we commenced public consultation on the future management of our leisure centres. We have regular meetings with contractors who provide outsourced services.

	• Communications Strategy • Minutes of regular monitoring meetings with outsourced service providers	

PRINCIPLE 5 - Developing the entity's capacity including the capability of its leadership and the individuals within it		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ We have a rolling programme of service reviews to ensure their continuing efficiency and effectiveness ➢ We recognise the benefits of partnerships and collaborative working; ➢ All employees have an induction and an annual Performance and Development Review; ➢ We have a Member Code of Conduct, inductions and a Member Training and Induction Programme to ensure that elected and appointed leaders understanding their roles and the Council's objectives ➢ Our Constitution includes a Scheme of Delegation that sets out clearly the decisions that are delegated to officers ➢ The leader and the chief executive have clearly defined and distinctive leadership roles ➢ Taking steps to consider the leadership's	• Constitution • Scheme of Delegation • Member Development Scheme • Employee Personal Development Scheme • Member Training and Development Programme • Insight – Internal management development programme • Member Induction • Member Representative roles • Employee Induction • Job Descriptions • Arrangements for succession planning • Annual review of Scheme of Delegation, Contract Standing Orders and Financial Regulations	✓ During 2016/17 we introduced STEP reviews for our services; these include benchmarking. Our partner, Arvato, achieved all the key performance indicators in the Revenues and Benefits contract. Our Performance and Development Review action plans are linked to the priorities set out in our Corporate Plan. During 2016/17 we launched LOLA (an e-learning training platform for employees and members) and Dales INSIGHT (an internal management development programme. During 2016/17 all senior managers took part in stress awareness training.

own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections ➢ We encourage shared learning, including lessons learnt from governance weaknesses both internal and external; ➢ There is a public participation session at the beginning of Council and Policy Committee meetings, ➢ We have arrangements in place to support the health and wellbeing of our employees.	• LOLA – internal training programme • STEP Reviews • Use of benchmarking (as part of STEP reviews) • Peer Reviews • Efficient use of systems and technology • Shared Learning: Notes of Management Meetings, Peer Reviews, Hubs, Benchmarking, Networking with other local authorities & through membership of organisations such as the Local Government Association. • Human Resource Policies • Employee counselling service • Work of Health & Safety Committee • Active Workplace Programme	

PRINCIPLE 6 - Managing risks and performance through robust internal control and strong public financial management		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ We have robust arrangements for risk management including a Risk Management Hub that meets regularly to review Strategic Risks; ➢ Our risk management strategy and policies on internal control are aligned with corporate priorities; ➢ The risks associated with delivering services through third parties are set out in our risk registers; ➢ We have arrangements in place to prevent fraud, bribery and corruption; ➢ We encourage effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making ➢ We provide members and senior management with regular reports on service plans and on progress against Key Performance Indicators; ➢ We report on a consistent basis between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). ➢ The Internal Audit Manager produces an Annual Report that provides an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control; ➢ The Governance and Resources	• Risk Management Strategy • Risk Management Hub • Strategic and Service Risk Registers • Risk Management Annual Report • Risk assessment of all Committee/Council decisions • Internal audit and reports • External audit and reports • Annual Governance Statement • Financial Regulations • Budget Holder's Manual • Contract Standing Orders • Transparency & Open Source Data • Medium Term Financial Strategy • Anti-Fraud, Bribery and Corruption Policy • Treasury Management Strategy • Regular budget reporting and income monitoring (revenue and capital) • Regular reporting on service plans and performance against KPIs • Benchmarking information • Information Governance Framework & Strategy	✓ The Internal Auditor's Annual Report for 2016/17 shows that internal controls for the main financial systems were found to be operating well The Internal Auditor's Annual Report for 2016/17 shows that 92.3% of the areas audited received a good or satisfactory opinion demonstrating that there are effective systems of governance, risk management and control in place. All ICT users have undergone specific ICT security awareness training During 2016/17 we introduced fraud prevention software into our systems for council tax, business rates and benefits.

Committee provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment; ➢ The Governance & Resources Committee monitor the implementation of recommendations from internal audit reviews. ➢ The Council has an Information Governance Framework and Strategy that sets out the arrangements to ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data ➢ We review and audit the quality and accuracy of data used in decision making and performance monitoring ➢ Our financial management arrangements support both long term achievement of outcomes and short-term financial and operational performance ➢ All reports to Council and policy committees include a financial risk assessment.	• Designated Data Protection Officer • Data protection policies and procedures • Data sharing agreements • Privacy Impact Assessments • Procedure for Data Protection Security Breaches • Checks on access to data and systems • ICT systems patched regularly & kept up to date	 The external auditor's initial work on the 2016/17 Value For Money risk assessment has identified one significant VFM risk: "effective arrangements in place for managing its annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan". We have a Medium Term Financial Strategy, Medium Term Financial Planning and an Efficiency Plan in place to mitigate this risk. An internal audit report has identified the need to strengthen our arrangements for data protection (see action plan)

PRINCIPLE 7 - Implementing good practices in transparency, reporting and audit to deliver effective accountability		
How we meet this principle	**Source of assurance**	**Successes and Areas for Improvement**
➢ Our reports are written in a style avoids jargon and can be understood by the public; ➢ Our reports and minutes of meetings are available on our website; ➢ We prepare an Annual Governance Statement that reports on compliance against our corporate governance framework; ➢ Our financial statements are prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations ➢ The Governance & Resources Committee will ensure that recommendations for corrective action made by external audit are acted upon ➢ We have an effective internal audit service where the Internal Audit Manager has direct access to members to provide assurance with regard to governance arrangements and that recommendations are acted upon ➢ We welcome peer challenge, reviews and inspections from regulatory bodies ➢ We have clear governance arrangements in place for partnership arrangements	• Annual report on Service plans and performance management • Annual review of Corporate Governance framework • Annual Governance Statement • Review of actions recommended by internal audit service • Statement of Accounts • Annual Audit Letter from External Auditor • Anti-fraud, bribery and corruption policy and reporting • Data Protection Officer in place • Compliance with CIPFA's Statement on the Role of the Head of Internal Audit • Compliance with Public Sector Internal Audit Standards • Minutes of meetings from Partnership Board Meetings and Operational Review Meetings. • Annual Complaints Report to Governance & Resources Committee	✓ In 2016/17 93% of internal audit recommendations were implemented; plans are in place for the outstanding recommendations to be implemented in 2017/18. We report to Members regularly on performance against targets.

4. How the Council works

The Council

The Council is composed of 39 councillors elected every four years. Councillors are democratically accountable to residents of their ward. The overriding duty of councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them.

Councillors have agreed to follow the Council's Code of Conduct to ensure high standards in the way they undertake their duties. The Council's Monitoring Officer trains and advises them on the Code.

All Councillors meet together as the Council. Meetings of the Council are normally open to the public. Here Councillors decide the Council's overall policies and set the budget each year. The Council holds the policy committees to account, and is itself a policy development body. There is an opportunity at Council meetings for members of the public to participate by putting their questions to Councillors. The Civic Chairman of the District of Derbyshire Dales reports to each meeting and the Leader of the Council has an opportunity to address the Council meeting on issues concerning the District of Derbyshire Dales at Council and his attendance at meetings with significant partners.

The Council's Constitution

Derbyshire Dales District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

The Constitution is divided into 13 articles, which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols at the end of the document.

The Monitoring Officer is responsible for carrying out a review of the Council's Constitution to ensure that it is up to date and relevant to the organisation's needs. The Council reviews the Constitution at its Annual Meeting, with informal commentary from the leaders of all political groups.

How decisions are made

Most day-to-day decisions are made by policy committees. The Council has 2 policy committees called Governance and Resources and Community and Environment. Committees also carry out a number of regulatory functions, including dealing with planning applications, licensing and most other regulatory business.

Meetings of the Council's policy and other committees are open to the public except where personal or confidential matters are being disclosed.

In addition, senior officers of the Council make decisions under delegated authority. The level of delegation is recorded in the Council's Constitution.

Area Community Forums

In order to give local people a greater say in Council affairs, there are 3 Area Community Forums. These cover the Northern, Central and Southern areas of the District and are intended to act as a focus point for mutual communication and consultation between the local community, stakeholders and Councillors from all local councils in their area. They are held twice a year in public at various meeting venues throughout the District.

The council's employees
The Council has people working for it to give advice, implement decisions and manage the day to day delivery of its services. Some employees have a specific duty to ensure that the Council acts within the law and uses its resources wisely. A Protocol governs the relationships between employees and members of the Council.

Citizens' Rights
Citizens have a number of rights in their dealings with the Council. These are set out in the Constitution.

The Corporate Plan
The Corporate Plan sets out the Council's priorities, aims, vision and values. It was agreed by Council in March 2015 for a 4 year period; annual corporate plan targets are set in March each year and progress is reviewed each November and in March.
The Corporate Plan is based on extensive consultation with residents, councillors and employees.

Managing Key Risks
All Councillors and Managers are responsible for ensuring that risks are considered in the decisions they take. The Council has a Risk Management Policy and Strategy that is reviewed every two years. It is the Council's policy to proactively identify, understand and manage the risks inherent in our services and associated within our plans and strategies, so as to encourage responsible, informed risk taking.

Chief Financial Officer
The Head of Resources is the Council's appointed Chief Financial Officer. This is a statutory post, responsible for delivering and overseeing the financial management of the council. The Chief Financial Officer is a member of the Corporate Leadership Team and is responsible for financial management at the Council. The role of Chief Financial Officer conforms with the good practice requirements within the CIPFA statement on "The Role of the Chief Financial Officer in Local Government". The Head of Resources has taken a key role in reviewing corporate governance and in preparing this Annual Governance Statement. She is satisfied with the arrangements currently in place for financial management. Overall the control framework is operating effectively and no matters of significance have been omitted from this statement.

Monitoring Officer
The Head of Corporate Services is the Council's appointed Monitoring Officer. The Monitoring Officer is responsible for the legal governance arrangements for the Council. She reviews the Constitution; oversees the ethical framework, and has a personal duty to report to the Council any breaches in the rule of law.

Managing Finances
There is a good system of budgetary control in place, which is enforced by the Corporate Leadership Team. Budget holders are identified for each revenue service or capital project. Training and guidance is provided by the Financial Services Team.
Capital projects are only put forward for Committee approval after the Corporate Leadership Team has approved a business case, which ensures projects support the Council's priorities and that they are fully resourced and planned before spending can commence.
The Council has a Medium Term Financial Strategy that shows the overall direction of the Council's finances over the next five years. This includes a Medium Term Financial Plan which

indicates that a budget gap will arise over the next few years due to the reduction in government funding. The Council has set a Corporate Savings target to close the budget gap. The council has a good track record of delivering savings. In 2016, Councillors approved an Efficiency Plan, which shows how the Council expects to close the budget gap. The Corporate Leadership Team is monitoring performance against the annual budget, medium term financial plan and efficiency plan.

Internal Audit

The Council receives substantial assurance from Internal Audit work who (through an agreed programme of testing – the Internal Audit Plan) reviews the adequacy of the controls and governance that operate throughout all areas of the Council.

Management of Internal Audit is provided by the Bolsover, Chesterfield and North East Derbyshire District Councils' Internal Audit Consortium.

The Internal Audit Service has been managed and delivered in accordance with Public Sector Internal Audit Standards (PSIAS). The Governance and Resources Committee approves an Internal Audit Charter in 2016, which is due for review every two years. The Charter sets out the role of internal audit and its responsibilities and clarifies its independence.

An external review of Internal Audit was undertaken during 2016/17. The independent report concludes that the Internal Audit Section complies with the expectations of the Public Sector Internal Audit Standards. This means that Members can have confidence in the service provided by internal audit.

The Internal Audit Manager prepares an Annual Report for the Governance and Resources Committee. The Annual Report includes an opinion on the adequacy and effectiveness of the Council's control environment. For 2016/17, internal controls were found to be operating well but two areas were considered to have potentially significant control and governance issues: safeguarding and data protection. These issues have been included on the action plan at the end of this Annual Governance Statement.

External Audit & Other Inspections

The Council's external auditor is KPMG. The auditor issued an unqualified opinion in relation to the Council's 2015/16 statutory financial statements. An unqualified conclusion was also issued in relation to the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value For Money risk assessment).

Feedback from the work undertaken to date has not highlighted any issues which would lead to a different opinion on the 2016/17 Statement of Accounts. The external auditor's initial work on the 2016/17 Value For Money risk assessment has identified one significant VFM risk: ensuring that effective arrangements are in place for managing the Council's annual budget, generating income and identifying and implementing any savings required to balance its medium term financial plan.

In 2015/16 the Food Standards Agency carried out an audit that looked at the way the Council inspects low risk food premises. The audit identified that the inspections that officers undertook were very good, but that the Council should redirect some resources to verifying low risk premises and should update the policies and procedures under which we carry out our food duties. During 2016/17 we have implemented the action plan.

During 2016/17 neighbouring Councils, supported by the Department for Communities and Local Government, carried out a peer review of our Homelessness Service. The service received a score of 72% with four main comments: Clear corporate commitment; Strong partnerships; Experienced staff with strong leadership; and "A lot of good practice and so much to celebrate".

5. Significant governance issues and action plan

a) Update on issues raised in last year's (2015/16) Annual Governance Statement

	Issue	Action Identified in last year's statement	Outcome
1.	The Council continues to face significant financial pressures. Although savings and efficiency gains have been achieved each year in order to set a balanced budget, the latest projection has identified that further savings of around £0.7 million are required over the next five years.*	Continue to plan and monitor efficiency savings, to be achieved through the continuation of a programme of service reviews and through other methods set out in the financial strategy; Update the financial strategy and medium-term financial plan during October 2016, or as and when further information becomes available, e.g. 2015/16 outturn; Monitor future announcements in respect of funding levels and incorporate in to the medium-term financial plan as necessary; Consider the preparation of an efficiency plan and whether to sign up to the government's four-year financial settlement by 30 September 2016.	An updated Medium Term Financial Strategy was approved in November 2016; The Medium Term Financial Plan has been reviewed and updated. The Council agreed an Efficiency Plan and signed up to the Government's four-year settlement offer. Funding announcements are being monitored, especially those relating to the rates retention scheme. The Corporate Savings Target for 2014-2017 was achieved; a new Corporate savings target has been set.
2.	The Council has arrears of Housing Benefit overpayments, totalling approximately £981,000. Offsetting this is a bad debt provision of £180,000, which is considered to be adequate at this stage.	Take the necessary recovery action in order to actively pursue outstanding debts; Produce regular monitoring reports in order to review progress; Assess the adequacy of the bad debt provision as and when further information is available in respect of the success of recovery action.	Regular monitoring reports now produced and progress reviewed; Approval given to finance enhanced housing benefit overpayment recovery service; Protocol approved to assist landlords of supported accommodation to become Registered Social Landlords (reducing financial burden on Council); Bad debt provision reviewed as part of closing accounts for 2016/17; 2016/17 out-turn within budget.
3.	An internal audit review has identified that there are weaknesses in the Council's arrangements for Data Protection and Information Governance. The strategic risk (of fines / reputational damage) has been assessed as 'high'. However, an action plan has been produced and the risks will reduce when all actions have been implemented. Some actions have already been implemented.	Implement the remaining actions identified in the action plan during 2016/17; Internal audit will review the controls and implementation of the action plan during 2016/17; Arrange for a data protection / information governance health check to be carried out by an independent expert during 2016/17 and create an action plan to implement any recommendations.	Data protection health check carried out & action plan prepared; Data protection consultant appointed to lead on implementation of action plan; New post approved for Information Governance Officer – appointment to be made in 2017/18. Remaining audit actions expected to be implemented by 30 June 2017.

b) Annual Governance Statement issues arising from 2016/17 review, to be actioned in 2017/18

	Issue	Action	Outcome	Lead Officer	Target Date
1	There is a budget gap for future years as identified in the Medium Term Financial Plan.	Effective processes to manage and monitor budgets and to plan and monitor savings	Balanced budget for 2018/19 and Efficiency Plan in place to address budget gap for future years.	Head of Resources	March 2018
2	An internal audit review has identified that our arrangements for safeguarding need to be strengthened	Implement the recommendations of the Internal Audit Review	The Council is compliant with safeguarding requirements	Head of Community Development	August 2017
3	An internal audit review has identified that our arrangements for data protection need to be strengthened	Implement actions identified in the GDPR action plan, which include the outstanding recommendations from the internal audit review.	The Council will be compliant with legislative requirements.	Head of Resources	30 June 2017 for actions relating to current legislation; 31 March 2018 for actions relating to GDPR.

We propose over the coming year to take steps to address the significant governance issues identified in section 5b of this statement to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Councillor Lewis Rose O.B.E.
Leader of the Council
Date: - 29th June 2017

Dorcas Bunton
Chief Executive
Date: - 29th June 2017

Independent auditor's report to the members of Derbyshire Dales ·

District Council

We have audited the financial statements of Derbyshire Dales District Council for the year ended 31 March 2017 on pages 33 to 101. 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 Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibilityis to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Audit!ng (UK and Ireland). Those standards require us to comply with the Auditing PracticesBoard'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 Chief Financial Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistentwith, 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:

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

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement set out on pages 12 to 29 does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or

- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or

- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or

- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on Derbyshire Dales District Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Authority's responsibilities

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

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority **has put in place 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 arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Derbyshire Dales District Council 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 C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Derbyshire Dales District Council 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, Derbyshire Dales District Council had put in place proper arrangements to secure economy, efficiency and **effectiveness in its use of resources.**

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Derbyshire Dales District Council put in place proper arrangements to secure 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 Derbyshire Dales District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

John Cornett

For and on behalf of KPMG LLP, Statutory Auditor
Chattered Accountants
Nottingham Office
4th Floor, St Nicholas
House Nottingham
NG1 6FQ

15th September 2017

THE FINANCIAL STATEMENTS

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2015/16 Net Expenditure Chargeable to the General Fund Balance	2015/16 Adjustments between the Funding and Accounting Basis	2015/16 Net Expenditure in the Comprehensive Income and Expenditure Statement		2016/17 Net Expenditure Chargeable to the General Fund Balance	2016/17 Adjustments between the Funding and Accounting Basis	2016/17 Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
420	52	472	Chief Executive	459	44	503
833	1,024	1,857	Community Development	895	999	1,894
1,521	149	1,670	Corporate Services	1,611	109	1,720
1,101	1,304	2,405	Environmental Services	741	2,271	3,012
(558)	41	(517)	Housing Services	(300)	84	(216)
613	328	941	Regeneration and Policy	673	47	720
483	156	639	Regulatory Services	502	120	622
2,607	(261)	2,346	Resources	2,510	(527)	1,983
7,020	**2,793**	**9,813**	**Net Cost of Services**	**7,091**	**3,147**	**10,238**
(8,560)	(989)	(9,549)	Other income and expenditure	(7,468)	(2,139)	(9,607)
(1,540)	**1,804**	**264**	**Deficit**	**(377)**	**1,008**	**631**
(10,342)			**Opening General Fund Balance**	**(11,882)**		
(1,540)			**Less/Plus Surplus or (Deficit) on General Fund Balance in Year**	**(377)**		
(11,882)			**Closing General Fund Balance at 31st March**	**(12,259)**		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown both the Expenditure and Funding Analysis and the Movement in Reserves Statement. The 2015/16 CIES has been restated as regulations require the Council's income and expenditure to be reported along management lines.

2015/16*				2016/17		
Gross Expendture £000s	Gross Income £000s	Net Expenditure £000s		Gross Expendture £000s	Gross Income £000s	Net Expenditure £000s
480	(8)	472	Chief Executive	509	(6)	503
4,442	(2,585)	1,857	Community Development	4,573	(2,679)	1,894
2,111	(441)	1,670	Corporate Services	2,202	(482)	1,720
9,570	(7,165)	2,405	Environmental Services	10,693	(7,681)	3,012
871	(1,388)	(517)	Housing	1,179	(1,395)	(216)
987	(46)	941	Regeneration & Policy	789	(69)	720
1,596	(957)	639	Regulatory Services	1,666	(1,044)	622
17,042	(14,696)	2,346	Resources	15,936	(13,953)	1,983
37,099	**(27,286)**	**9,813**	**Cost Of Services**	**37,547**	**(27,309)**	**10,238**
931	0	931	Other Operating Expenditure (Note 11)	833	0	833
1,103	(171)	932	Financing and investment income and expenditure (Note 12)	966	(156)	810
0	(11,412)	(11,412)	Taxation and Non-Specific Grant Income and Expenditure(Note 13)	0	(11,250)	(11,250)
		264	**(Surplus) or Deficit on Provision of Services**			**631**
		(1,146)	Surplus or deficit on revaluation of non current assets			485
		(6,142)	Remeasurements of the net defined benefit liability			860
		(7,288)	**Other Comprehensive Income and Expenditure**			**1,345**
		(7,024)	**Total Comprehensive Income and Expenditure**			**1,976**

*Whilst undertaking the 2015/16 restatement of the Comprehensive Income and Expenditure Statement it came to light that the original gross expenditure and gross income figures had both been understated by an amount of £121,000. The Net Expenditure position was not affected and the error has been corrected as part of the 2015/16 restatement.

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance £000s	Capital Receipts Reserve £000s	Capital Grants Unapplied £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
Balance at 31 March 2015	**10,342**	**2,076**	**94**	**12,512**	**29,218**	**41,730**
Movement in reserves during 2015/16						
Total Comprehensive Income and Expenditure	(264)	0	0	**(264)**	7,288	**7,024**
Adjustments from income and expenditure charged under the accounting basis to funding basis (Note 9)	1,804	320	(13)	**2,111**	(2,111)	**0**
Increase or (decrease) in 2015/16	**1,540**	**320**	**(13)**	**1,847**	**5,177**	**7,024**
Balance carried forward at 31 March 2016	**11,882**	**2,396**	**81**	**14,359**	**34,395**	**48,754**
Movement in reserves during 2016/17						
Total Comprehensive Income and Expenditure	(631)	0	0	**(631)**	(1,345)	**(1,976)**
Adjustments from income and expenditure charged under the accounting basis to funding basis (Note 9)	1,008	532	66	**1,606**	(1,606)	**0**
Increase or (decrease) in 2016/17	**377**	**532**	**66**	**975**	**(2,951)**	**(1,976)**
Balance carried forward at 31 March 2017	**12,259**	**2,928**	**147**	**15,334**	**31,444**	**46,778**

BALANCE SHEET

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

31 March 2016 £000s		Notes	31 March 2017 £000s
65,321	Property, Plant & Equipment	14	63,691
1,557	Investment Property	15	1,673
18	Intangible Assets	16	30
66,896	***Long Term Assets***		**65,394**
9	Inventories	18	44
6,898	Short Term Debtors	19	7,616
5,575	Cash and Cash Equivalents	20	4,220
130	Assets held for sale (<1yr)	21	130
0	Short Term Investments	17	1,000
12,612	***Current Assets***		**13,010**
(156)	Short Term Borrowing	17	(156)
(243)	Provisions	23	(254)
(3,159)	Short Term Creditors	22	(2,769)
(400)	Other Short Term Liabilities	38	(372)
(3,958)	***Current Liabilities***		**(3,551)**
(70)	Provisions (>1yr)	23	(50)
(5,450)	Long Term Borrowing	17	(5,450)
(21,276)	Other Long Term Liabilities	38 & 39	(22,575)
(26,796)	***Long Term Liabilities***		**(28,075)**
48,754	***Net Assets***		**46,778**
14,359	Usable reserves	24	15,334
34,395	Unusable Reserves	25	31,444
48,754	***Total Reserves***		**46,778**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

31 March 2016 £000s		31 March 2017 £000s
(264)	Net surplus or (deficit) on the provision of services	(631)
1,970	Adjustments to net surplus or (deficit) on the provision of services for non-cash movements (Note 26)	2,644
(925)	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities (Note 26)	(694)
781	Net cash flows from Operating Activities	1,319
559	Investing Activities (Note 27)	(2,754)
(767)	Financing Activities (Note 28)	80
573	Net increase or (decrease) in cash and cash equivalents	(1,355)
5,002	Cash and cash equivalents at the beginning of the reporting period	5,575
5,575	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**4,220**

The cash flow statement has been prepared using the indirect method.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) General principles

The Statement of Accounts summarises the Council's transactions for the 2016/17 financial year and its position at the year-end of 31 March 2017. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2016/17* (the Code) and the *Service Reporting Code of Practice for Local Authorities 2016/17,* supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

b) Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial instruments repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature on or before 1 July of the following financial year and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

d) Charges to revenue for non-current assets

Services and support services accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

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

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

Minimum Revenue Provision

The Local Government Act 2003 requires authorities to set aside an amount from revenue (Minimum Revenue Provision) for the repayment of external loans which have been taken out to fund capital expenditure. In line with CLG Regulations, the Council is required to approve an MRP Statement for each year. For capital expenditure incurred before 1 April 2008 the MRP policy is the Capital Financing Requirement method outlined in the MRP guidance provided to local authorities by The Department for Communities and Local Government as part of the implementation of the Local Authorities (Capital Finance and Accounting) (England)(Amendment) Regulations 2008 (SI 2008/414). From 1 April 2008 for all unsupported borrowing the MRP policy is the Asset Life Method whereby MRP will be based on the estimated life of the assets, in accordance with regulations, except in the case of finance leases where the annual lease liability will be taken as MRP.

e) Contingent assets

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

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

f) 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 council's control. 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 are disclosed by way of a note to the accounts.

g) Council Tax and Non-Domestic Rate income

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities in are required by statute to maintain a separate fund (ie the Collection

Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

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

h) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the authority. An accrual is made for the cost of holiday entitlements (or other forms of leave such as flexi-time or time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the pay rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post employment benefits

The Council's employees are part of the Local Government Pension Scheme, administered by Derbyshire County Council (the pension fund). The scheme provides defined benefits to members (in the form of retirement lump sums and pensions), earned as employees work for the Council.

- The liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit cost method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc, and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.6% (3.5% in 2015/16). The discount rate is based on the indicative rate of return on high quality corporate bonds.
- The assets of Derbyshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value.
- The change in the net pensions liability is analysed into the following components.
    - **Service cost comprising:**
    - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
    - net interest on the net defined benefit liability i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
    - **Re-measurement comprising:**
    - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- **Contributions paid to the Derbyshire County Council pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

i) Events after the balance sheet date

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

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

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

j) Prior period adjustments, changes in accounting policies and estimates, and errors

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

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

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

k) Financial instruments

The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. At the present time this Council does not use an external fund manager.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. There were no early redemptions of loans during 2015/16 or 2016/17.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the general Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments. The Council does not hold this type of asset.

Loans and Receivables

Loans and receivables are recognised in the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans the Authority 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. The Council has not made any loans at less than market rates (soft loans).

Instruments entered into before 1st April 2006

The Council does not hold any instruments that were entered into before 1 April 2006.

l) Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

m) Government grants and other contributions

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

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

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

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

Where revenue grants or contributions have been received and the conditions have been satisfied (or there were no conditions), the grant or contribution is credited to the Comprehensive Income and Expenditure Statement as shown above. However, it is Derbyshire Dales District Council's policy that where such a grant or contribution has been earmarked to finance future revenue expenditure, an amount equivalent to the grant or contribution will be transferred to the Revenue Grants Unapplied Reserve in the Movement in Reserves Statement. When the relevant expenditure has been incurred, the associated amount of grant is transferred from the Revenue Grants Unapplied Reserve in the Movement in Reserves Statement.

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

n) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

o) Inventories and long term contracts

Inventories are included on the Balance Sheet at the lower of cost and net realisable value, calculated separately for each category of inventory. The cost of inventories is assigned using the First In, First Out costing formula.

The Council does not have any trading activities that generate income from long-term contracts.

p) Investment property

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

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

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

q) Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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).

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

Operating Leases

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

The Authority as Lessor

Finance Leases

The Authority does not grant any finance leases for property, plant and equipment.

Operating Leases

Where the Authority grants an operating lease over a property or an item or plant or equipment, the asset is retained in the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the

Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. where a premium paid at the commencement of a lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

r) Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

s) Property, plant and equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

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

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

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

- Infrastructure, community assets and assets under construction – historical cost.
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

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 the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where the 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 changed if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without 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:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset, as advised by a suitably qualified officer.

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.

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

Disposals and Non-current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The only type of Council receipt this applies to is mortgage repayments in respect of Council House sales made prior to the Housing Stock Transfer in March 2002. The last mortgage was repaid in 2013/14. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

t) Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

u) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.
Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and these do not represent usable resources for the council. Such reserves are explained in the relevant accounting policies.

v) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the 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 there is no impact on the level of council tax.

w) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

x) Interests in Companies and Other Entities

Councils often choose to conduct their activities not through a single legal entity but through several undertakings under the ultimate control of the Council. In these circumstances the financial reports of that Council would not present a full picture of its economic activities or financial position; group accounts are therefore required to reflect the full service delivery and economic effects to the parent Council. Derbyshire Dales District Council does not have any material interests in companies or other entities that have the nature of subsidiaries, associates and jointly controlled entities. Therefore, the Authority has not prepared group accounts.

y) Fair Value Measurement

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

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

- Level 1 – quoted process (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than the quoted prices included within Level1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practise on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The additional disclosures that will be required in the 2016/17 and 2017/18 financial statements in respect of accounting changes that are introduced in the 2017/18 code are:

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

It is not expected that these amendments will have a material effect on the financial information provided in the financial statements.

3. 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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's balance sheet at 31 March 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 authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £10,000 for every year that useful lives had to be reduced.

	lives assigned to assets.	
Provision for Insurance Claims	The Authority has made a provision for the settlement of insurance claims, based on the number of claims outstanding at the balance sheet date and the estimated settlement costs. It is not certain that all claims have been received by the authority (public liability claims must be made within three years of the accident or within three years of reaching the age of 18 in the case of claims involving children).	An increase of 10% in the total number of claims would have the effect of adding £5,000 to the provision. The Authority has an insurances reserve that is available to finance any unknown future liabilities incurred where the Council has not externalised the insurance cover.
Provision for Business Rates Appeals	Local authorities are liable for their proportionate share of successful appeals against business rates charged to businesses. A provision has been recognised for the best estimate of this amount up to 31 March 2017. The estimate has been calculated using the Valuation Office ratings list of appeals and the analysis of successful appeals to date.	If more appeals were successful than estimated, the Council's liability would increase. If appeal costs increased by 25% the Council would require an additional £64,000 to be set aside as an allowance for its' proportionate share.
Pensions Liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts 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.	See Pension Note 39
Arrears – Sundry Debtors	At 31 March 2017, the Authority had sundry debtor invoice arrears of £1,268,000. A review of the arrears, based on the age of the debts and the likely levels of collection, suggested that an impairment allowance of £53,000 was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts relating to debtor invoices would require an additional £53,000 to be set aside as an allowance.
Arrears – Housing Benefit Overpayments	At 31 March 2017, the Authority had arrears of £1,133,000 relating to Housing Benefit Overpayments. A review of the arrears, based on the age of the debts and the likely levels of collection, suggested that an impairment allowance of £140,000 was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts relating to housing benefit overpayments would require an additional £140,000 to be set aside as an allowance.
Fair Value Measurement	When the fair value of financial assets and liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), valuation techniques such as quoted process for similar assets in active markets or discounted cash flows are used. Where possible, the inputs to the valuation are based on observable data, but where this is not possible, judgement is required in establishing fair values, including considerations such as uncertainty and risk. Changes in assumptions used could affect the fair	The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment

	value amount. Where Level 1 inputs are not available, the authority uses relevant experts to identify the most appropriate valuation technique to determine fair value. Information about the valuation techniques and inputs used in determining fair value is disclosed in notes 13.	properties.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Funding

There is a high degree of uncertainty about future levels of funding for local government. The Council has set aside amounts in provisions, working balances and reserves which it believes are appropriate for the local circumstances, taking into accounts the level of general fund spending, risks, robustness of estimates and past track record in financial management. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Asset valuations

The Council revalues its non-current assets using the fair value approach. The valuer exercises judgement to determine whether there is market based evidence that may be used for the valuation. Where there is no such evidence, the Council has used the depreciated replacement cost method to calculate the fair value.

Asset componentisation

The Council has used components to assist in the valuation of its assets. The valuer has used his judgement to determine which assets should be componentised (allowing for a de-minimis level), and for those assets, which individual components it is appropriate to use.

Property, plant and equipment

The Council's assets are depreciated over useful lives that depend on judgements made such as the level of maintenance that will be undertaken and the use of the asset.

Leases

The assets used by the waste collection contractor have been reviewed to determine whether they meet the criteria for an embedded lease. The current contract commenced in August 2012 and is due to run for eight years. The depot used by the contractor is not solely used by this Authority so this does not meet the criteria for an embedded lease. However, for vehicles, it has been determined that under the present contract conditions there is an embedded finance lease. In assessing this lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.

Some of the Council's vehicles are leased from Derbyshire County Council. The agreement has been reviewed and it has been determined that this arrangement is a finance lease, as all the risks and rewards fall to the Council.

Some of the Council's land is leased to third parties. It has been determined that three of these properties are investment properties and that the associated leases are operating leases.

Investment Properties

Investment properties have been identified using the criteria of being held for rental income or for capital appreciation. These criteria are subject to interpretation.

Group Boundaries and Trust Funds

The group boundaries have been estimated using the criteria set out in the Code. Using those criteria the Council has not identified any entities within the group boundary that would require it to complete group accounts.

The Authority is the trustee of the Ernest Bailey Charity, a charity that provides benefits for the inhabitants of the Matlock area. It has been determined that the Authority does not have control of the Trust and it is not a subsidiary of the Authority.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

For 2016/17, there are no material items of income and expenses not already disclosed elsewhere in the accounts.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Head of Finance on 26th May 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.

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

Adjustments between Funding and Accounting Basis 2016/17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000's	Net change for the Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
Chief Executive	0	44	0	44
Community Development	815	184	0	999
Corporate Services	(6)	115	0	109
Environmental Services	2,070	201	0	2,271
Housing Services	50	34	0	84
Regeneration and Policy	0	47	0	47
Regulatory Services	(1)	121	0	120
Resources	106	(650)	17	(527)
Net Cost of Services	**3,034**	**96**	**17**	**3,147**
Other income and expenditure from the Expenditure and Funding Analysis	**(3,107)**	**714**	**254**	**(2,139)**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	**(73)**	**810**	**271**	**1,008**

Adjustments between Funding and Accounting Basis 2015/16

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000's	Net change for the Pensions Adjustments £000's	Other Differences £000's	Total Adjustments £000's
Chief Executive	0	52	0	52
Community Development	819	205	0	1,024
Corporate Services	0	149	0	149
Environmental Services	1,067	237	0	1,304
Housing Services	0	41	0	41
Regeneration and Policy	59	269	0	328
Regulatory Services	7	149	0	156
Resources	285	(562)	16	(261)
Net Cost of Services	**2,237**	**540**	**16**	**2,793**
Other income and expenditure from the Expenditure and Funding Analysis	**(1,929)**	**818**	**122**	**(989)**
Difference between General Fund (surplus) or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	**308**	**1,358**	**138**	**1,804**

Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in 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 disposal of assets and the amounts written off for these assets
- Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related income and expenditure:

- For services – this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

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

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2015/16 £000's	Expenditure/Income	2016/17 £000's
	Expenditure	
9,332	Employee benefits expenses	9,271
20,898	Other service expenses	20,382
5,584	Support service recharges	5,612
2,108	Depreciation, amortisation, impairment	3,000
280	Interest payments	249
1,362	Precepts and levies	1,405
39,564	**Total expenditure**	**39,919**
	Income	
(27,405)	Fees, charges and other service income	(27,449)
(52)	Interest and investment income	(47)
(8,874)	Income from council tax and non-domestic rates	(8,584)
(2,538)	Government grants and contributions	(2,635)
(431)	Gain on disposal of assets	(573)
(39,300)	**Total income**	**(39,288)**
264	**Deficit on the Provision of Services**	**631**

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made in the Movement in Reserves Statement to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2016/17	Usable Reserves			
	General Fund Balance £'000s	Capital Receipts Reserve £'000s	Capital Grants Unapplied £'000s	**Movement in Unusable Reserves £'000s**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	3,098			(3,098)
Impairment on assets held for sale				0
Amortisation of Intangible Assets	18			(18)
Capital grants and contributions applied	(3)			3
Revenue expenditure funded from capital under statute	34			(34)
Movement in the fair value of investment properties	(116)			116
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	52			(52)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the repayment of debt	(491)			491
Capital expenditure charged against the General Fund Balance	(1,974)			1,974
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(66)		66	0
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(625)	625		
Use of the Capital Receipts Reserve to finance new capital expenditure		(93)		93
Contribution from the Capital Receipts Reserve to finance the payments to the Government's housing capital receipts pool		0		
Adjustments primarily involving the Deferred Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				0
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the amount required in accordance with statutory requirements	(111)			111
Adjustments primarily involving the Pensions Reserve:				
Amount by which pension costs calculated in accordance with The Code (ie	810			(810)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and NDR income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund balance in accordance with regulations	365			(365)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	17			(17)
Total Adjustments	**1,008**	**532**	**66**	**(1,606)**

2015/16	Usable Reserves			
	General Fund Balance £'000s	Capital Receipts Reserve £'000s	Capital Grants Unapplied £'000s	**Movement in Unusable Reserves £'000s**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	2,069			(2,069)
Impairment on assets held for sale				0
Amortisation of Intangible Assets	26			(26)
Capital grants and contributions applied				0
Revenue expenditure funded from capital under statute	339			(339)
Movement in the fair value of investment properties	12			(12)
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	255			(255)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Statutory provision for the repayment of debt	(576)			576
Capital expenditure charged against the General Fund Balance	(935)			935
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	14		(13)	(1)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(686)	686		
Use of the Capital Receipts Reserve to finance new capital expenditure		(366)		366
Contribution from the Capital Receipts Reserve to finance the payments to the Government's housing capital receipts pool		0		
Adjustments primarily involving the Deferred Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement				0
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the amount required in accordance with statutory requirements	(111)			111
Adjustments primarily involving the Pensions Reserve:				
Amount by which pension costs calculated in accordance with The Code (ie	1,148			(1,148)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and NDR income included in the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund balance in accordance with regulations	233			(233)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on a accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	16			(16)
Total Adjustments	**1,804**	**320**	**(13)**	**(2,111)**

10. TRANSFERS TO / FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2016/17.

	Balance at 1st April 2016 £'000s	Receipts in year £'000s	Payments in year £'000s	Balance at 31st March 2017 £'000s	Movement 2016/17 £'000s	Movement 2015/16 £'000s
Bakewell ABC Repairs	0	0	0	0	0	(7)
Business Rate Volatility Reserve	189	600	0	789	600	189
Capital Programme Reserve	3,242	1,196	(1,453)	2,985	(257)	596
Car Parking Machine Replacements	0	0	0	0	0	(250)
Carsington Improvements	36	0	(3)	33	(3)	0
Committed Expenditure	352	187	(292)	247	(105)	44
Economic Development	376	0	(70)	306	(70)	0
Elections	49	19	0	68	19	(55)
Information Technology	597	0	(126)	471	(126)	(30)
Insurances	498	10	(1)	507	9	(5)
Invest to Save	158	0	(41)	117	(41)	(62)
Job Evaluation	150	0	0	150	0	0
Local Plan	140	0	(32)	108	(32)	50
Member / Officer Indemnity	25	0	0	25	0	0
Revenue Grants Unapplied	2,454	1,643	(956)	3,141	687	884
Vehicle Renewals	1,369	150	(428)	1,091	(278)	206
Ward Member Budgets	137	0	(33)	104	(33)	(19)
Wheeled Bins	202	0	0	202	0	0
	9,974	**3,805**	**(3,435)**	**10,344**	**370**	**1,541**

Reserves are held for the following purposes:

Reserve	**Purpose**
Bakewell ABC Repairs	To meet future repair requirements at the Agricultural Business Centre.
Business Rate Fluctuations Reserve	To provide funds that can be used to meet future losses in non-domestic rates.
Car Parking Machine Replacements	To finance replacement car parking machines throughout the District, to enable the Council to provide customers with additional payment methods and to meet the needs of disabled users.
Capital Programme	For future application to capital schemes.
Carsington Improvements	To finance new or improved facilities for visitors to Carsington Reservoir or to mitigate any adverse effect on the locality caused by the development of the reservoir or the attraction of visitors to it, after consultations with Severn Trent Water.
Committed Expenditure	To finance expenditure committed in the Council's accounts as at 31st March but not yet due.
Economic Development	To finance economic development schemes within the District.
Elections	To finance future District Council elections, by spreading the estimated costs annually.
Information Technology etc.	To acquire items of information and communications technology, such as personal computers and telephone systems and in connection with the

	Council's IT systems development strategy.
Insurances	To finance any unknown future liabilities incurred where the Council has not externalised the insurance cover, mainly where quotations from external insurers are not cost effective when compared to the value of claims likely to be made such as for terrorism. Also covered are losses falling within the levels of excess on all other policies and levies under the Municipal Insurance Ltd Scheme of Arrangement (see note 40).
Invest to Save	To provide funds that can be used to finance schemes that will result in future ongoing savings.
Job Evaluation	To finance the extra costs of the Council's Job Evaluation exercise.
Local Plan	To finance the costs of the Council's Local Plan.
Member / Officer Indemnity	This reserve provides for risks not covered by insurance. The main risks comprise acts or omissions found to be ultra vires and defence costs of criminal proceedings.
Revenue Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years.
Vehicle Renewals	To fund the replacement of the Council's vehicle fleet. The balance on this reserve has been re-examined based on the current fleet of vehicles.
Ward Member Budgets	Set aside for Ward Members to use for the benefit of their communities over their four year term of office.
Wheeled Bins	To finance the future purchase of any replacement wheeled bins required by the Council.

11. OTHER OPERATING EXPENDITURE

2015/16 £'000s		2016/17 £'000s
1,315	Parish Precepts	1,383
47	Local Council Tax Support Scheme - Payment to Parishes	23
(431)	Gains (losses) on the disposal of non-current assets	(573)
931		**833**

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015/2016 £'000s		2016/2017 £'000s
225	Interest payable on debt	225
55	Interest element of finance lease	24
818	Net interest on the pensions net defined benefit liability	715
(52)	Interest receivable and similar income	(47)
(114)	Income and expenditure in relation to investment properties	(106)
932		**811**

13. TAXATION AND NON SPECIFIC GRANT INCOME

2015/2016 £'000s		2016/2017 £'000s
	Non-ringfenced government grants	
1,371	Revenue Support Grant	814
58	Council Tax Freeze Grant	0
871	New Homes Bonus	1,006
0	Rural Services Delivery Grant	399
239	Disabled Facilities Grants	416
2,539		**2,635**
6,668	Council tax income	6,892
2,205	Non-domestic rates distribution	1,692
0	Capital grants and contributions	31
11,412		**11,250**

14. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment As at 31st March 2017	Land and Buildings £'000s	Vehicles, Plant, Equipment £'000s	Community Assets £'000s	Infrastructure Assets £'000s	Total £'000s
Cost or Valuation					
At 1 April 2016	51,268	13,530	6,375	2,836	74,009
Additions	841	1,029	135	0	2,005
Revaluation increases/(decreases) to Revaluation Reserve	(485)	0	0	0	(485)
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(1,114)	0	0	0	(1,114)
Accumulated depreciation written out to GCA	(494)	0	0	0	(494)
Derecognition - Disposals	(53)	(879)			(932)
At 31 March 2017	**49,963**	**13,680**	**6,510**	**2,836**	**72,989**
Accumulated Depreciation and Impairment					
At 1 April 2016	2,287	6,402	0	0	8,689
Depreciation Charge	832	1,152	0	0	1,984
Depreciation written out on revaluation	(495)	0	0	0	(495)
Derecognition - Disposals	(5)	(875)	0	0	(880)
At 31 March 2017	**2,619**	**6,679**	**0**	**0**	**9,298**
Net Book Value					
At 31 March 2017	**47,344**	**7,001**	**6,510**	**2,836**	**63,691**
At 31 March 2016	**48,982**	**7,128**	**6,375**	**2,836**	**65,321**

Property, Plant and Equipment As at 31st March 2016	Land and Buildings £'000s	Vehicles, Plant, Equipment £'000s	Community Assets £'000s	Infrastructure Assets £'000s	Total £'000s
Cost or Valuation					
At 1 April 2015	50,438	13,032	6,316	2,836	72,622
Additions	361	556	59	0	976
Revaluation increases/(decreases) to Revaluation Reserve	821	0	0	0	821
Revaluation increases/(decreases) to (Surplus)/Deficit on provision of services	(117)	0	0	0	(117)
Derecognition - Disposals	(234)	(58)	0	0	(292)
At 31 March 2016	**51,269**	**13,530**	**6,375**	**2,836**	**74,010**
Accumulated Depreciation and Impairment					
At 1 April 2015	1,846	5,289	0	0	7,135
Depreciation Charge	806	1,171	0	0	1,977
Impairment written out on revaluation to Revaluation Reserve	(325)	0	0	0	(325)
Derecognition - Disposals	(40)	(58)	0	0	(98)
At 31 March 2016	**2,287**	**6,402**	**0**	**0**	**8,689**
Net Book Value					
At 31 March 2016	**48,982**	**7,128**	**6,375**	**2,836**	**65,321**
At 31 March 2015	**48,592**	**7,743**	**6,316**	**2,836**	**65,487**

The measurement bases used for determining the gross carrying amount of property, plant and equipment is set out in Note 1 (s) Accounting Policies.

Depreciation

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

- Operational buildings – 1 to 60 years
- Vehicles, plant and equipment – 3 to 10 years

The depreciation methods used are set out in Note 1 (s) Accounting Policies

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. At 1 April 2016 the Council revalued its public conveniences, parks pavilions, depots, stall market and public property. In addition, a review of all other assets was undertaken to determine any further action required. A review of assets was undertaken to determine if any impairment had taken place, and where appropriate values were amended. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Plant and machinery is included in the valuation of buildings. The assumptions made in producing the various valuations are set out in a valuation certificate and report.

	Land and Buildings £000's	Vehicles, Plant, Equipment £000's	Community Assets £000's	Infrastructure Assets £000's	Total £000's
Carried at historical cost	0	8,623	6,510	2,836	17,969
valued at fair value as at:					
31 March 2017	3,089	0	0	0	3,089
31 March 2016	17,049	0	0	0	17,049
31 March 2015	11,878	1,876	0	0	13,754
31 March 2014	8,153	556	0	0	8,709
31 March 2013	9,794	2,625	0	0	12,419
	49,963	13,680	6,510	2,836	72,989

Heritage Assets

The Council has a small number of heritage assets which are treated in accordance with the Council's accounting policies. All the heritage assets have indefinite lives and are therefore not subject to depreciation. The Council's identified heritage assets are as follows:

War memorials

The Council has 7 war memorials situated throughout the district. Due to their age, there is no reliable information as to their cost and the lack of comparable data does not afford a meaningful valuation. The assets are not separately identified on the balance sheet. Future identified measurements will be at historic cost.

Churchyard gates, St. Oswald's Church, Ashbourne

The original cost of these gates is unknown. The Council restored the gates in 1999/2000 at a cost of £19,000 and they are held on the balance sheet at this amount. A separate valuation has not been undertaken on this asset due to the lack of comparable data.

De minimis

The de minimis level for individual heritage assets is £25,000. Any assets identified below this level will remain in their existing categories (including those above).

15. INVESTMENT PROPERTY

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

2015/16 £'000s		2016/17 £'000s
119	Rental income from investment property	109
(5)	Direct operating expenses arising from investment property	(3)
114	**Net gain / (loss)**	**106**

The Authority's investment properties are leased to third parties on terms ranging from 21 years to 125 years.

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

2015/16 £'000s		2016/17 £'000s
1,545	**Balance at 1 April**	**1,557**
12	Net gains / (losses) from fair value adjustments	116
1,557	**Balance at 31 March**	**1,673**

Fair Value Hierarchy

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

Significant unobservable inputs (Level 3) £000	Fair Value as at 31st March 2016 £000	Recurring fair value measurements:	Significant unobservable inputs (Level 3) £000	Fair Value as at 31st March 2017 £000
1,442	1,442	Retail Ground Leases	1,560	1,560
115	115	Tourist Railway Line	113	113
1,557	**1,557**	**Total**	**1,673**	**1,673**

There were no transfers between levels during the year.

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

The Council holds retail ground leases and a tourist railway line as investment properties, and these have been measured using the investment approach. As the measurement technique uses significantly unobservable inputs to determine the fair value measurements they have been categorised as Level 3 in the fair value hierarchy.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Valuation Process for Investment Properties

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

16. INTANGIBLE ASSETS

The Authority accounts for its software licences and some other licences as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include only purchased licences, there are no items of internally generated software.

All software is given a finite useful life, based on the assessments of the period that the software is expected to be of use to the Authority. The useful life assigned to the major software suites used by the Authority is 4 years.

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation of intangible assets is included in the relevant service line of the Comprehensive Income and Expenditure Statement.

2015/16 £'000s		2016/17 £'000s
	Balance at 1 April:	
96	Gross Carrying Amounts	96
(52)	Accumulated amortisation	(78)
44	**Net carrying amount at 1 April**	**18**
0	Additions	30
(26)	Amortisation for the period	(18)
0	Disposals: Gross Carrying Amount	(96)
0	Disposals: Accumulated amortisation	96
18	**Net carrying amount at 31 March**	**30**
	Comprising:	
96	Gross carrying amounts	30
(78)	Accumulated amortisation	0

Amortisation methods are explained in Accounting Policies on pages 44 and 45.

17. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long-term		Current	
	31 March 2016 £000's	31 March 2017 £000's	31 March 2016 £000's	31 March 2017 £000's
Investments				
Loans and Receivables	0	0	6,677	8,256
Total investments	**0**	**0**	**6,677**	**8,256**
Borrowings				
Financial liabilities at amortised cost	5,450	5,450	2,569	2,442
Total borrowings	**5,450**	**5,450**	**2,569**	**2,442**

Items of Income, Expense, Gains and Losses

	Financial Liabilities		Financial Assets	
	2015/16 £000's	2016/17 £000's	2015/16 £000's	2016/17 £000's
Interest Expense	225	225	0	0
Interest Payable	225	225	0	0
Interest Income	0	0	(52)	(47)
Interest and Investment Income	0	0	(52)	(47)
Net (Gain) / Loss for the year	**225**	**225**	**(52)**	**(47)**

Fair values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For PWLB loans, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures
- No early repayment or impairment is recognised
- Where an instrument will mature in the next twelve months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2016		31 March 2017	
	Carrying Amount £000's	Fair Value £000's	Carrying Amount £000's	Fair Value £000's
Non Public Works Loan Board	156	156	156	156
Public Works Loan Board	5,450	8,559	5,450	9,760
Total Debt	5,606	8,715	5,606	9,916
Trade Creditors	2,413	2,413	2,286	2,286
Total Financial Liabilities	**8,019**	**11,128**	**7,892**	**12,202**
Loans and Receivables	3,910	3,910	4,000	4,000
Trade Debtors	2,767	2,767	4,256	4,256
Total Loans and Receivables	**6,677**	**6,677**	**8,256**	**8,256**

As at the 31st March 2017 the fair value of the liabilities is higher than the carrying amount because the Authority's loan is a fixed rate loan where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2017) arising from a future commitment to pay interest to lenders below current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. INVENTORIES

	Balance at 1 April	Purchases	Recognised as expense in year	Balance at 31 March
Fuel and Oils				
2015/16	1	23	(24)	0
2016/17	0	19	(17)	2
Caddy Liners				
2015/16	16	0	(7)	9
2016/17	9	33	0	42
Total				
2015/16	**17**	**23**	**(31)**	**9**
2016/17	**9**	**52**	**(17)**	**44**

19. DEBTORS

31 March 2016 £'000s		31 March 2017 £'000s
1,918	Central Government Bodies	1,399
2,188	Other Local Authorities	1,695
30	NHS Bodies	2
327	Council Tax Payers - Derbyshire Dales	279
367	Business Ratepayers Derbyshire Dales	253
2,068	Other Entities and Individuals	3,988
6,898		**7,616**

The amounts shown above represent the value of debts net of impairment allowance for non-collection.

20. CASH AND CASH EQUIVALENTS

31 March 2016 £'000s		31 March 2017 £'000s
1,665	Cash and Bank	1,220
910	Bank Instant Access Deposit Account	0
3,000	Fixed Notice Accounts	3,000
5,575		**4,220**

21. ASSETS HELD FOR SALE

The Council holds the following current assets with the intent of selling them within 12 months of the balance sheet date.

2015/16 £'000s		2016/17 £'000s
190	**Balance at 1 April**	**130**
	Assets newly classified as held for sale:	
0	Property, Plant and Equipment	0
0	Revaluation gains / losses	0
(60)	Assets sold	0
130	**Balance at 31 March**	**130**

22. CREDITORS

31 March 2016 £'000s		31 March 2017 £'000s
703	Central Government Bodies	418
899	Other Local Authorities	563
3	NHS Bodies	0
94	Council Tax Payers - Derbyshire Dales	109
104	Business Ratepayers Derbyshire Dales	110
1,356	Other Entities and Individuals	1,569
3,159		**2,769**

23. PROVISIONS

	Long Term Insurances £'000s	Short Term NNDR Appeals £'000s	Total £'000s
Balance at 1 April 2015	**71**	**238**	**309**
Additional provisions made in 2015/16	5	33	**38**
Amounts used in 2015/16	(6)	(28)	**(34)**
Balance at 31 March 2016	**70**	**243**	**313**
Additional provisions made in 2016/17	1	377	**378**
Amounts used in 2016/17	(21)	(366)	**(387)**
Balance at 31 March 2017	**50**	**254**	**304**

Insurance claims

The Insurances Provision was established to provide for claims that are pending in respect of uninsured losses, arising where there is no externally provided cover, such as where quotations from external insurers are not cost effective when compared with the value of claims likely to be made. Also covered are losses falling within the levels of excess on all other policies. All of the insurance claims are individually insignificant. They relate to personal injuries where the Authority is alleged to be at fault (e.g. through a failure to repair a car park properly) or vehicle accidents. Provision has been made for those claims where it is deemed probable that the Authority will have to make a settlement, based on past experience about court decisions about liability and the amount of damages payable. It is not clear when all the outstanding claims will be settled as some, especially personal accident claims involving minors, can take several years to settle. The Authority may be reimbursed by its insurers for amounts above a £2,500 excess and, where there is reasonable assurance that this will be so, the income has been recognised.

NDR Backdated Appeals

Details of this provision can be found in Notes 3 and 6 to the Collection Fund on pages 100 and 102. The amounts shown in the table above reflects the District Council’s share of the provision for appeals.

24. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement In Reserves Statement. The table below shows the balances at 31 March:

31 March 2016 £'000s		31 March 2017 £'000s
	Revenue Accounts	
1,908	General Fund	1,915
	Earmarked Reserves	
4,610	Capital	4,076
5,364	Revenue	6,268
	Other	
2,396	Capital Receipts Reserve	2,928
81	Capital Grants Unapplied	147
14,359	**Total Usable Reserves**	**15,334**

25. UNUSABLE RESERVES

31 March 2016 £'000s		31 March 2017 £'000s
18,621	Revaluation Reserve	17,927
40,735	Capital Adjustment Account	40,418
(4,437)	Financial Instruments Adjustment Account	(4,326)
(20,378)	Pensions Reserve	(22,048)
(76)	Collection Fund Adjustment Account	(441)
(70)	Accumulated Absences Reserve	(86)
34,395	**Total Unusable Reserves**	**31,444**

Revaluation Reserve

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

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

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

	2015/16 £'000s			2016/17 £'000s
	17,774	**Balance at 1 April**		**18,621**
1,870		Upward revaluation of assets	563	
(724)		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(1,048)	
	1,146	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(485)
(199)		Difference between fair value depreciation and historical cost depreciation	(198)	
(100)		Accumulated gains on assets sold or scrapped	(11)	
	(299)	Amount written off to Capital Adjustment Account		(209)
	18,621	**Balance at 31 March**		**17,927**

Capital Adjustment Account

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

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

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

	2015/16 £'000s			2016/17 £'000s
	41,261	**Balance at 1 April**		**40,735**
		Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(2,069)		• Charges for depreciation and impairment of non-current assets	(3,098)	
(26)		• Amortisation of intangible assets	(18)	
(339)		• Revenue expenditure funded from capital under statute	(34)	
(255)		• 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	(52)	
	(2,689)			(3,202)
	299	Adjusting amounts written out of the Revaluation Reserve		208
	(2,390)	Net written out amount of the cost of non-current assets consumed in the year		(2,994)
		Capital financing applied in the year:		
366		• Use of the Capital Receipts Reserve to finance new capital expenditure	93	
		• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	3	
		• Application of grants to capital financing from the Capital grants Unapplied Account		
576		• Statutory provision for the financing of capital investment charged against the General Fund Balance	491	
935		• Capital expenditure charged against General Fund balances	1,974	
	1,876			2,561
	(12)	Movements in the market value of investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		116
	40,735	**Balance at 31 March**		**40,418**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early repayment of loans, which were redeemed in 2003/04. Premiums are excluded from the Comprehensive Income and Expenditure Statement but included in the Movement in Reserves Statement. Over time, the expense is posted back to the General fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In this Authority's case, the period to charge the premium is 50 years.

	2015/16 £'000s			2016/17 £'000s
	(4,548)	**Balance at 1 April**		**(4,437)**
111		Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	111	
	111	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		111
	(4,437)	**Balance at 31 March**		**(4,326)**

Collection Fund Adjustment Account

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

2015/16 £'000s		2016/17 £'000s
157	**Balance at 1 April**	**(76)**
27	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory arrangements	6
(260)	Amount by which Business Rate income credited to the Comprehensive Income and Expenditure Statement is different from business rate income calculated for the year in accordance with statutory arrangements	(371)
(76)	**Balance at 31 March**	**(441)**

Pensions Reserve

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

2015/16 £'000s		2016/17 £'000s
(25,372)	**Balance at 1 April**	**(20,378)**
6,142	Remeasurements of net defined liability	(860)
(2,569)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,206)
1,421	Employer's pensions contributions payable in the year	1,396
(20,378)	**Balance at 31 March**	**(22,048)**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2015/16 £'000s		2016/17 £'000s
(54)	**Balance at 1 April**	**(70)**
54	Settlement or cancellation of accrual made at the end of the preceding year	70
(70)	Amounts accrued at the end of the current year	(86)
(70)	**Balance at 31 March**	**(86)**

26. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2015/16 £'000s		2016/17 £'000s
45	Interest received	50
(280)	Interest paid	(249)
(235)	**Total**	**(199)**

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

2015/16 £'000s		2016/17 £'000s
(686)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(625)
(239)	Any other items for which the cash effects are investing or financing cash flows	(69)
(925)	**Total**	(694)

The net (surplus)/deficit on the provision of services has been adjusted for the following non-cash movements:

2015/16 £'000s		2016/17 £'000s
2,069	Depreciation	1,984
0	Impairment and downward valuations	1,114
26	Amortisation	18
933	Increase/Decrease in Creditors	(457)
(2,487)	Increase/Decrease in Debtors	(717)
10	Increase/Decrease in Inventories	(35)
1,148	Movement in Pension Liability	810
255	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	52
16	Other non-cash items charged to the net surplus or deficit on the provision of services	(125)
1,970	**Total**	2,644

27. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2015/16 £'000s		2016/17 £'000s
(758)	Purchase of property, plant and equipment, investment property and intangible assets	(2,129)
	Purchase of short-term and long-term investments	(1,000)
31	Other Payments for investing activities	(26)
921	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	625
365	Other receipts from investing activities	(224)
559	**Net cashflows from investing activities**	**(2,754)**

28. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2015/16 £'000s		2016/17 £'000s
0	Cash receipts of short and long term borrowing	1,000
(486)	Cash payments for the reduction of a finance lease liability	(400)
0	Repayment of Short-Term and Long-Term Borrowing	(1,000)
(281)	Other payments for financing activities	480
(767)	**Net cashflows from financing activities**	**80**

29. ACQUIRED AND DISCONTINUED OPERATIONS

The Authority has no operations that have been acquired or discontinued in 2015/16 or 2016/17.

30. AGENCY SERVICES

The Council operates as an agent for Derbyshire County Council in respect of highways cleansing and verge mowing. In 2016/17 the expenditure was £379,000 (2016/17 £380,000).

In 2016/17 the Council acted as an agent for Central Government, Derbyshire County Council and Derbyshire Fire Authority in collecting Non-Domestic Rates, and as an agent for major precepting authorities in collecting their shares of council tax. Further information of the amounts collected is given in the section for the Collection Fund, commencing on page 96.

31. EXTERNAL AUDIT COSTS

The Authority paid the following fees relating to external audit:

2015/16 £'000s		2016/17 £'000s
	KPMG LLP	
38	Statutory External Audit Inspection	38
5	Certification of Grant Claims and Returns*	5
43	**Total Fees**	**43**

32. MEMBERS' ALLOWANCES

Members allowances paid during 2016/17 amounted to £220,000 (2015/16 £210,000). In addition, travel expenses amounting to £11,000 were paid (2015/16 £13,000).

33. EXIT PACKAGES AND TERMINATION BENEFITS

Exit Packages cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16 £'000s	2016/17 £'000s
£0 - £20,000	1	0	1	1	2	1	9	1
£20,001 - £40,000	0	0	1	0	1	0	20	0
£40,001 £60,000	0	0	1	0	1	0	50	0
Total	**1**	**0**	**3**	**1**	**4**	**1**	**79**	**1**

The total costs of £1,000 (2015/16 £79,000), have been agreed, accrued for and charged to the authority's Comprehensive Income & Expenditure Statement in the current year.

34. OFFICERS' REMUNERATION

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

Post Holder		Salary, Fees and Allowances £	Benefits in Kind £	Employer's Pension Contributions £	Total Remuneration £
Chief Executive	2016/17	101,265.96	1,239.00	12,759.48	115,264.44
	2015/16	100,263.00	1,239.00	12,633.12	114,135.12
Corporate Director	2016/17	82,191.96	5,000.50	10,356.24	97,548.70
	2015/16	79,782.00	5,003.00	10,052.52	94,837.52
Head of Resources	2016/17	65,111.99	206.50	8,204.14	73,522.63
	2015/16	62,853.00	0.00	7,919.52	70,772.52
Head of Regeneration & Policy	2016/17	61,890.01	3,416.50	7,798.19	73,104.70
	2015/16	61,277.04	3,427.00	7,720.92	72,424.96
Head of Corporate Services	2016/17	61,890.01	206.50	7,798.19	69,894.70
	2015/16	61,277.04	0.00	7,720.92	68,997.96
Head of Regulatory Services	2016/17	55,917.01	1,239.00	7,045.55	64,201.56
	2015/16	53,975.04	1,239.00	6,800.88	62,014.92
Head of Community Development	2016/17	56,159.59	1,239.00	7,076.11	64,474.70
	2015/16	53,975.04	1,239.00	6,800.88	62,014.92
Head of Environmental Services	2016/17	52,973.07	1,135.75	6,458.42	60,567.24
	2015/16	55,434.44	1,239.00	6,975.84	63,649.28
Head of Housing	2016/17	50,520.97	531.50	6,365.64	57,418.11
	2015/16	48,765.00	2,477.00	6,144.36	57,386.36

The Council does not have any other employees whose remuneration exceeded £50,000, excluding employer's pension contributions, during the 2016/17 financial year.

35. GOVERNMENT AND NON GOVERNMENT GRANTS

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in the year:

2015/16 £'000s		2016/17 £'000s
	Credited to Taxation and Non specific Grant Income	
2,205	Retained Business Rates	1,692
1,371	Revenue Support Grant (inc Rural Services Delivery Grant)	1,213
58	Council Tax Freeze Grant	0
871	New Homes Bonus	1,006
239	Disabled Facilities Grants	416
0	Recognised capital grants and contributions	31
4,744		4,358
	Credited to Services	
	Government Grants	
13,566	Rent Allowances	13,040
63	Discretionary Housing Payments	65
197	Housing and Council Tax Benefits Administration	164
55	Council Tax Support	63
147	NNDR Cost of Collection	146
131	Elections Grants	276
89	New Burdens	14
109	ODPM Homeless Schemes	0
0	Community Housing Fund	384
	Other Contrbutions	
73	Contributions towards Sports Development/Active Lifestyles	164
77	Contribution - Housing	58
878	Derbyshire County Council Recycling Credits	865
309	Derbyshire County Council Homelessness Grants	305
80	Derbyshire County Council Transformation Project	0
0	Derbyshire County Council Licensing	50
812	Section 106 Agreements	639
238	*Grants and contributions that were individually below £50,000*	228
16,824		16,461
21,568	**Total of all grants, contributions and donations**	**20,819**

36. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This note does not include transactions with related parties that are disclosed elsewhere in the accounts, such as:

• Precepts from other local authorities	Notes to Collection Fund
• Parish Precepts	Note 11
• Government Grants	Note 35
• Pension Contributions	Note 39
• Members Allowances	Note 32
• Officers Remuneration	Note 34
• Exit Packages	Note 33

The UK government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides much of the Council's 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 and housing benefits). Grants received from government departments are set out in the subjective analysis in Note 35.

Members of the Council have direct control over the Council's financial and operating policies. There are a number of Councillors who serve on outside bodies that receive some form of financial support from Derbyshire Dales District Council. During 2016/17 the following payments were made to the organisations in which members have an interest:

- Mid-Derbyshire Citizen's Advice Bureau: Grants £29,000, Money Advice Service £69,000 (2015/16 Grants £29,000, Money Advice Service £69,000)
- Derbyshire Dales CVS: Grants £117,000 (2015/16 Grants £117,000)
- Bradwell Parish Council: Grants £5,000 (2015/16 £0)

The decisions regarding these payments were taken by officers under delegated authority, with the exception of the payments relating to the Money Advice Service that were approved by the former Partnership and Regeneration Committee.

37. CAPITAL EXPENDITURE AND FINANCING

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

31 March 2016 £'000s		31 March 2017 £'000s
7,901	**Opening Capital Financing Requirement**	**7,325**
	Capital Investment	
976	Property, Plant and Equipment	2,036
798	Revenue Expenditure Funded from Capital	831
	Sources of finance	
(367)	Capital Receipts	(93)
(264)	Government Grants and Contributions	(378)
(14)	Other Grants and Contributions	(379)
(1,129)	Direct revenue contributions	(2,017)
(576)	Minimum Revenue Provision	(491)
7,325	**Closing Capital Financing Requirement**	**6,834**
	Explanation of movements in year	
(576)	Increase /(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(491)
(576)	**Increase / (Decrease) in Capital Financing Requirement**	**(491)**

38. LEASES

Derbyshire Dales District Council as Lessee

Finance leases

The Council holds finance leases in respect of cleansing vehicles. The Council's waste collection contract also includes an embedded finance lease in respect of refuse vehicles.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2016 £000's		31 March 2017 £000's
1,253	Vehicles, Plant, Furniture & Equipment	873
1,253		873

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

31 March 2016 £000's		31 March 2017 £000's
	Finance lease liabilities(net present value of future minimum lease payments):	
400	current	372
898	non-current	526
45	Finance costs payable in future years	21
1,343	Future minimum lease payments	919

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

31 March 2016 £000's		31 March 2017 £000's
423	Not later than one year	383
920	Later than one year and not later than five years	536
0	Later than five years	0
1,343	Future minimum lease payments	919

The finance lease liabilities will be payable over the following periods:

31 March 2016 £000's		31 March 2017 £000's
400	Not later than one year	371
898	Later than one year and not later than five years	527
0	Later than five years	0
1,298	Future minimum lease payments	898

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents payable by the Council in 2015/16 or 2016/17.

Operating leases

The Council has acquired its Multifunctional Devices by entering into an operating lease with a life of three years.

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

31 March 2016 £000's		31 March 2017 £000's
9	Not later than one year	9
9	Later than one year and not later than five years	0
0	Later than five years	0
18		9

The expenditure charged to the Corporate Services line in the Comprehensive Income and Expenditure Statement during the year was £9,000 (2015/16 £9,000).

Derbyshire Dales District Council as Lessor

Finance leases

The Council does not lease out any assets on finance leases.

Operating leases

The Authority leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable, affordable accommodation for local businesses.

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

31 March 2016 £000's		31 March 2017 £000's
141	Not later than one year	153
482	Later than one year and not later than five years	511
6,192	Later than five years	6,103
6,815		6,767

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

39. POST EMPLOYMENT BENEFITS: DEFINED BENEFIT PENSION SCHEME

Participation in pensions scheme

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

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

Transactions relating to retirement 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 the council tax (determined by statute) is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

2015/16 £000s		2016/17 £000s
	Comprehensive Income and Expenditure Statement	
	Service Cost	
1,705	Current service cost	1,491
46	Past service cost (including curtailments)	0
1,751	**Total Service Costs**	**1,491**
	Financing and Investment income and Expenditure	
(1,504)	Interest Income on plan assets	(1,632)
2,322	Interest cost on defined benefit obligation	2,347
818	**Total Net Interest**	**715**
2,569	***Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services***	**2,206**
	Remeasurements of the Net Defined Liability Compromising	
1,462	Return on plan assets excluding amounts included in net interest	(6,228)
0	Actuarial Losses arising from changes in demographic assumptions	(830)
(6,682)	Actuarial Losses arising from changes in financial assumptions	13,021
(922)	Other	(5,103)
(6,142)	***Total remeasurements recognised in other comprehensive income***	**860**
(3,573)	***Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement***	**3,066**
	Movement in Reserves Statement	
(2,569)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services	(2,206)
1,421	**Employer's contributions payable to scheme**	**1,396**

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit scheme is as follows:

2015/16 £000s		2016/17 £000s
(46,775)	Fair Value of employer assets	(54,418)
65,836	Present value of funded liabilities	75,181
1,317	Present value of unfunded liabilities	1,285
20,378	**Net Liability Arising from Defined Benefit Obligation**	**22,048**

Some of the scheme liabilities are “unfunded” (see note at the foot of the table below). This means that they are not a liability of the Local Government Pension Scheme, and are instead met by the employer out of its own financial resources. At this Council, unfunded liabilities are mostly Compensatory Added Years benefits awarded to current pensioners when they first retired and they are all wholly unfunded.

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

2015/16 £000s		2016/17 £000s
72,660	Opening fair value of scheme liabilities	67,153
1,705	Current service cost	1,491
2,322	Interest cost	2,347
342	Contributions from scheme partcipants	351
	Remeasurement gain	
0	Actuarial Losses arising from changes in demographic assumptions	(830)
(6,682)	Actuarial Losses arising from changes in financial assumptions	13,021
(922)	Other	(5,103)
46	Past Service Cost	**0**
(2,318)	Benefits Paid	(1,964)
67,153	**Closing Fair Value of Scheme Liabilities**	**76,466**

Reconciliation of fair value of the scheme (plan) assets:

2015/16 £000s		2016/17 £000s
47,288	Opening Fair value of scheme assets	46,775
1,504	Interest Income	1,632
	Remeasurement gain	
(1,462)	Return on plan assets excluding amounts included in net interest	6,228
1,421	Contributions from employer	1,396
342	Contributions from employees into the scheme	351
(2,318)	Benefits paid	(1,964)
46,775	**Closing Fair Value of Scheme Assets**	**54,418**

Pension Scheme Assets Comprised:

Period Ended 31 March 2017				
Asset Category	Quoted Prices in Active Markets £'000	Quoted Prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	4,148.5	-	4,148.5	8%
Manufacturing	4,873.2	-	4,873.2	9%
Energy and Utilities	3,286.1	-	3,286.1	6%
Financial Institutions	3,899.6	-	3,899.6	7%
Health and Care	2,164.6	-	2,164.6	4%
Information Technology	1,383.9	-	1,383.9	3%
Other	5,987.9	-	5,987.9	11%
Debt Secuities:				
Corporate Bonds (investment Grade)	-	3,296.3	3,296.3	6%
UK Government	5,722.1	-	5,722.1	11%
Other	996.4	-	996.4	2%
Private Equity:				
All	748.6	180.5	929.1	2%
Real Estate:				
UK Property	-	3,482.7	3,482.7	6%
Investment Funds & Unit Trusts:				
Equities	10,782.2		10,782.2	20%
Infrastructure	624.0	333.2	957.2	2%
Cash and Cash Equivalents:				
All	-	2,508.2	2,508.2	5%
Totals	44,617.1	9,800.9	54,418.0	100%

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. Hymans Robertson LLP, an independent firm of actuaries, has assessed the pension scheme liabilities with estimates for the Council being based on the latest full valuation of the scheme as at 31st March 2016

Pension Scheme Assets Comprised:

	Period Ended 31 March 2016			
Asset Category	Quoted Prices in Active Markets £'000	Quoted Prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	3,846.2	-	3,846.2	8%
Manufacturing	4,362.9	-	4,362.9	9%
Energy and Utilities	2,665.7	-	2,665.7	6%
Financial Institutions	3,667.5	-	3,667.5	8%
Health and Care	2,029.1	-	2,029.1	4%
Information Technology	1,306.1	-	1,306.1	3%
Other	4,785.3	-	4,785.3	10%
Debt Secuities:				
Corporate Bonds (investment Grade)	-	2,589.7	2,589.7	6%
UK Government	5,239.7	-	5,239.7	11%
Other	933.6	-	933.6	2%
Private Equity:				
All	634.6	191.7	826.3	2%
Real Estate:				
UK Property	-	2,788.6	2,788.6	6%
Investment Funds & Unit Trusts:				
Equities	8,886.4	126.4	9,012.8	19%
Infrastructure	533.4	270.1	803.5	2%
Cash and Cash Equivalents:				
All	-	1,918.0	1,918.0	4%
Totals	38,890.5	7,884.5	46,775.0	100%

The significant assumptions used by the actuary have been:

31 March 2016		31 March 2017
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
22.0	Men	21.9
24.2	Women	24.4
	Longevity at 65 for future pensioners:	
24.1	Men	23.9
26.6	Women	26.5
3.20%	Rate of increase in salaries	2.9%
2.20%	Rate of increase in pensions	2.4%
3.50%	Rate used to discount scheme liabilities	2.6%
50%	Take-up of option to elect to take annual pension into retirement lump sum pre April 2008 Service	50%
75%	Take-up of option to elect to take annual pension into retirement lump sum for post-April 2008 Service	75%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below based on reasonable possible changes to 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 life 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 the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change in Assumptions at 31 March 2017	Approximate % Increase to Employer Liability	Aproximate Monetary Amount (£000)
0.5% decrease in Real Discount Rate	10%	7,493
0.5% increase in the Salary Increase Rate	2%	1,187
0.5% increase in the Pension Increase Rate	8%	6,195

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation was completed on 31 March 2016.

The liabilities show the underlying commitments that the council has in the long run to pay post employment (retirement) benefits. The total liability of £22,048,000 has a substantial impact on the net worth of the council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the council remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary; and

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The council anticipates paying contributions of £1,372,000 to the scheme in 2017/18.

The weighted average duration of the defined benefit obligation for scheme members is 17.7 years.

40. CONTINGENT LIABILITIES

Housing Stock Transfer Warranties

As part of the Housing Stock Transfer in March 2002, the Council gave warranties for sewers and environmental pollution to Dales Housing. The environmental warranty means that the Council is responsible for the remediation costs of environmental pollution at any of the transferred properties until March 2033. At 31st March 2017 the cost of remediation work is estimated at £3.0m. No claims have been received to date. The risk of the warranty being called is considered to be low. No specific financial provision has been made in the accounts at this time, but the situation will be monitored annually.

Municipal Mutual Insurance

Another contingent liability arises from the Municipal Mutual Insurance Ltd (MMI) Scheme of Arrangement. In 1992, MMI, then the principal insurer of local government, avoided insolvency by entering a Scheme of Arrangement. The "arrangement" with creditors enabled MMI to pay outstanding claims on the basis that, should there be insufficient assets, participating creditors would be subject to "claw back" of previously paid claims. On the basis of a potential £30m share of surplus funds at the time, Derbyshire Dales District Council, along with 728 other authorities, participated in the scheme. In the case of this council the "claw back" is limited to a maximum of £141,000. The directors of MMI triggered the Scheme of Arrangement on 13 November 2012. In 2013 MMI's administrators informed the Council that under the Scheme of Arrangement an initial levy of 15% of total claim payments was required. The scheme administrators advised the Council that the 15% levy amounted to £21,000. The Levy Notice and demand for payment were issued in 2013/14 and the sum of £21,000 was paid during the year. In 2016 a further levy of 10% of total claim payments was required which amounted to £14,112. There are sufficient monies in the Insurances Reserve to finance the outstanding liability of £106,000.

Business Rates Appeals

The Council has made a provision for business rate appeals based upon its best estimates of the liability at the year end for appeals already lodged. It is not possible to quantify the appeals that have not yet been lodged with the Valuation Office. This means that there is a risk that national and local appeals may have a future impact on the Council's accounts.

Pension Guarantee

The Council has entered into a long term contract for Revenues and Benefits and Accounts Payable services that have been outsourced to Arvato Public Sector Services Limited with effect from June 2013. This involved the transfer of Council employees to Arvato Public Sector Services Limited. Employees' rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations.

The Best Value Authorities Staff Transfers (Pension) Direction 2007 made under section 101 of the Local Government Act 2003 means that the Council must secure pension protection for the TUPE transfer which must be the same as, broadly comparable to, or better than, those they had a right to acquire prior to the transfer. This in turn means that the new service providers seek "admitted body" status within the Derbyshire pension Fund to comply with the requirement.

The legislative framework governing access to the Derbyshire Pension Fund means that public bodies can only obtain "admitted status" if there is a sponsoring body that is willing to provide a guarantee. For contracts with non-public bodies the ultimate responsibility remains with the sponsoring body. The guarantee means that if an admitted body fails to pay its pension obligations to the Derbyshire Pension Fund then the Council will take on these obligations.

The Council has given a full guarantee in respect of employees transferred to Arvato Public Sector Services Limited. As at 31 March 2017, the guarantee has not been exercised. The Council has mitigated its risk by requiring the parent company, Arvato Limited, to provide a guarantee.

41. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Authority
- liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Authority as a result of changes in measures such as interest rates and stock market movements.

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, as laid down in the Treasury Management Strategy. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the authority are detailed below:

	Limit per Organisation
Lloyds Bank (Council's Bankers)	6m
Major Banks and their wholly owned subsidiaries	3m
Building Societies with assets in excess of £0.75 billion	3m
Local Authorities and other major precepting Authorities	3m
Debt Management Account Deposit Facility	unlimited

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal lump sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2017 that this was likely to crystallise.

No credit limits were exceeded during the reporting period.

The Authority does not allow credit for customers. The past due but not impaired amount can be analysed by age as follows:

31 March 2016 £000's		31 March 2017 £000's
770	Less than three months	1063
46	Three to six months	21
16	Six months to one year	13
151	More than one year	171
983		1,268

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed to achieve its service objectives. If unexpected movements happen, the authority has easily redeemable investments in the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There is also no risk that the authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates as its one borrowed loan matures in 2056. The Council keeps under review the possibility of redeeming its loan early where it would be economic to do so. The Council also has Bank Overdraft arrangements and is able to borrow from the money market.

The maturity analysis of financial liabilities is as follows:

31 March 2016 £000's		31 March 2017 £000's
156	Less than one year	156
0	Between one and twenty five years	0
5,450	More than twenty five years	5,450
5,606		5,606

All trade and other payables are due to be paid in less than one year.

Market Risk – Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise

- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates – the fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Comprehensive Income and Expenditure Statement. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The treasury management team has an active strategy which is assessed regularly for assessing interest risk exposure that feeds into the setting of the annual budget. Significant variations are, therefore, determined at an early stage.

Price Risk

The Authority does not invest in equity shares, gilts or Certificates of Deposit and thus has no exposure to loss arising from movements in their prices due to market conditions.

Foreign Exchange Risk

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

42. ERNEST BAILEY TRUST FUND

The Council is the Trustee of the Ernest Bailey Charity. It discharges its functions as Trustee through a Committee, comprised of the ward members for the area of benefit from the Charity. The fund has not been consolidated in the accounts of the Council. At the 31st March 2016 it has invested £150,000 with the Council and receives interest. The table below sets out the working balance of the Charity. The proceeds from this trust fund may only be used for charitable purposes for the benefit of the inhabitants of the Matlock area (which includes Darley Dale, Tansley, Matlock Bath and Cromford).

31 March 2016 £'000s		31 March 2017 £'000s
10	**Balance at 1st April**	10
1	Interest on Investment	1
11	Total	11
(1)	Less: Grants	(1)
10	**Balance at 31st March**	**10**

OTHER FINANCIAL STATEMENTS

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates. Administration costs are borne by the General Fund.

2015/16 £000s Council Tax	2015/16 £000s NDR	2015/16 £000s Total		Notes	2016/17 £000s Council Tax	2016/17 £000s NDR	2016/17 £000s Total
			Income				
45,206	0	45,206	Income receivable from Council Tax payers	Note 2	47,141	0	47,141
0	17,238	17,238	Income collectable from Business Ratepayers	Note 3	0	17,103	17,103
0	0	0	Business Rates Deferrals		0	0	0
	0	0	Transitional protection payments		0	27	27
0	0	0	Contribution towards previous year's estimated deficit	Note 4	0	658	658
0	71	71	Business Rates: Settled Appeals	Note 6	0	914	914
45,206	**17,309**	**62,515**	**Total Income**		**47,141**	**18,702**	**65,843**
			Expenditure				
			Precepts and Demands:				
31,445	0	31,445	- Derbyshire County Council		32,940	0	32,940
4,872	0	4,872	- Police and Crime Commissioner for Derbyshire		5,006	0	5,006
1,959	0	1,959	- Derbyshire Fire and Rescue		2,012	0	2,012
6,638	0	6,638	- Derbyshire Dales District Council		6,849	0	6,849
			Business Rates Paid on Account:				
0	8,503	8,503	- Payments to Government		0	8,879	8,879
0	1,531	1,531	- Payments to Derbyshire County Council		0	1,598	1,598
0	170	170	- Payments to Derbyshire Fire Authority		0	178	178
0	6,802	6,802	- Payments to Derbyshire Dales District Council		0	7,104	7,104
			Transfers to General Fund:				
0	147	147	- Cost of Collection for Business Rates		0	146	146
0	141	141	- Business Rates from Renewable Energy Sources		0	142	142
0	56	56	Transitional protection payments		0	0	0
25	678	703	Contribution towards previous year's estimated surplus		250	0	250
			Bad and Doubtful Debts:				
83	202	285	- Allowance for impairment	Note 5	39	425	464
0	83	83	- Provision for appeals	Note 6	0	943	943
45,022	**18,313**	**63,335**	**Total Expenditure**		**47,096**	**19,415**	**66,511**
184	**(1,004)**	**(820)**	**Increase/(decrease) in Fund balance for the year**		**45**	**(713)**	**(668)**
			Collection Fund Balance				
68	214	282	Surplus / (deficit) brought forward at 1 April		252	(790)	(538)
184	(1,004)	(820)	Increase/(decrease) in Fund balance for the year (as above)		45	(713)	(668)
252	**(790)**	**(538)**	**Surplus / (deficit) carried forward at 31 March**		**297**	**(1,503)**	**(1,206)**
			Allocated to:				
0	**(395)**	(395)	- Central Government		0	**(752)**	(752)
37	**(316)**	(279)	- Derbyshire Dales District Council		44	**(601)**	(557)
176	**(71)**	105	- Derbyshire County Council		208	**(135)**	73
28	**0**	28	- Police and Crime Commissioner for Derbyshire		32	**0**	32
11	**(8)**	3	- Derbyshire Fire Authority		13	**(15)**	(2)
252	**(790)**	**(538)**			**297**	**(1,503)**	**(1,206)**

INTRODUCTION

Collection fund surpluses or deficits declared by the billing authority in relation to Council Tax are charged or paid to the relevant precepting bodies in the subsequent financial year, pro-rata to precepts issued.

In 2013/14, the local government finance regime was revised with the introduction of the retained non domestic rates scheme. The main aim of the scheme is to give Council's a greater incentive to grow businesses in the District. It does, however, also increase the financial risk due to non-collection and the volatility of the NDR tax base.

Subject to tariffs and levies, the scheme allows the Council to retain a proportion of the total NDR received. Derbyshire Dales share is 40% with the remainder paid to precepting bodies. For Derbyshire Dales the NDR precepting bodies are Central Government (50% share), Derbyshire County Council (9% share) and Derbyshire Fire Authority (1% share).

NDR surpluses or deficits declared by the billing authority in relation to the Collection Fund are charged or paid to the relevant precepting bodies in the subsequent year in their respective proportions.

NOTES TO THE COLLECTION FUND

1. Accounting Policies for the Collection Fund

- Revenue support grant and amounts distributed from the NDR national pool are paid directly to all billing and precepting authorities and are not credited to the Collection Fund statement. They are disclosed on the face of the Comprehensive Income and Expenditure Account Statements of the recipient authorities.
- Precepts for major preceptors and the billing authority's demand on the fund are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Account Statements of the respective precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the full financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out the full surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and are disclosed on the face of the Comprehensive Income and Expenditure Account Statement.
- Interest is not payable on cash flow transfers between the General Fund and the Collection Fund.
- The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of the estimates made on 15 January of the year-end balance.

Note 2: Council Tax

The council tax base is the amount that setting a Council Tax of £1 for a band D property (the standard band) would raise in revenue. The tax base for 2016/17 was calculated as follows:

Band	Number of Dwellings on valuation list	Number of Dwellings, adjusted for discounts, exemptions and reliefs	Ratio to Band D	Equivalent number of Band D full charge properties	Council Tax Base (assuming 99.2% collection rate)
X*	0	4.60	5/9	2.56	2.54
A	3,503	2,066.41	6/9	1,377.61	1,366.59
B	7,210	5,279.69	7/9	4,106.43	4,073.57
C	7,360	6,118.32	8/9	5,438.51	5,395.00
D	5,534	4,918.86	9/9	4,918.86	4,879.51
E	4,785	4,338.05	11/9	5,302.06	5,259.64
F	2,932	2,723.39	13/9	3,933.79	3,902.32
G	2,062	1,923.91	15/9	3,206.52	3,180.86
H	131	105.98	18/9	211.96	210.26
Total	**33,517**	**27,479.21**		**28,498.28**	**28,270.29**

* Properties in Band A that receive disabled relief.

The total precepts and demands (£46,807,000) were divided by the tax base to derive the Council Tax for the year for a Band D property. Thus, in 2016/17 the Council set a Band D Council Tax of £1,655.70, including the average parish council charge of £48.92 (2015/16 £1,600.39 including £46.86 for average parish).

The council tax for a band D property can be analysed as follows:

2015/16 £s		2016/17 £s
1,120.46	Derbyshire County Council	1,165.17
173.61	Derbyshire Police Authority	177.07
69.80	Derbyshire Fire & Rescue	71.18
189.66	Derbyshire Dales District Council	193.36
1,553.53		**1,606.78**
46.86	Average parish council	48.92
1,600.39	**Average Band D Council Tax**	**1,655.70**

The council tax income collected from taxpayers can be analysed as follows

2015/16 £000s		2016/17 £000s
53,934	Debit for year	56,088
20	Increased/(reduced) charges	(1)
(51)	Disabled persons reductions	(60)
(758)	Exemptions	(732)
(3,729)	Sole resident discounts	(3,914)
(715)	Discounts for annexes, empty properties, exempt and second homes	(762)
(154)	Disregarded persons discount	(165)
(3,341)	Council tax benefits	(3,313)
45,206		**47,141**

Note 3: Business Rates

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

The business rates retention scheme (introduced in 2013/14) aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Local authorities retain a proportion of the total collectable rates due. In the case of Derbyshire Dales the local share is 40%. The remainder is distributed to preceptors and in the case of Derbyshire Dales these are Central Government (50%0, Derbyshire County Council (9%) and Derbyshire Fire Authority (1%).

The business rates shares payable for 2016/17 were estimated before the start of the financial year as £8,880,000 to Central Government, £1,598,000 to Derbyshire County Council, £178,000 to Derbyshire Fire Authority and £7,104,000 to Derbyshire Dales District Council. These sums have been paid in 2016/17 and charged to the collection fund in year.

When the scheme was introduced in 2013/14, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amounts. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Derbyshire Dales has to pay a tariff to the General Fund in 2016/17 to the value of £5,506,000 (2015/16 £5,460,000).

During 2016/17 Derbyshire Dales was part of the Derbyshire Business Rates Pool along with 7 other Derbyshire district or borough councils, Derbyshire County Council, Derby City Council and Derbyshire Fire Authority. The calculation of any levy payment due or top up receivable from or to the Collection Fund is calculated on a collective basis for the pool as opposed to an individual authority basis.the overall benefit retained by the pool in 2016/17 was £4.15million of which Derbyshire Dales share was £111,000.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2017. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2016/17 has been calculated at £943,000 (2015/16 £83,000). See note 6 for further details.

2015/16 £000s		2016/17 £000s
22,787	Debit for year	23,092
(1)	Increased/(reduced) charges	(973)
57	Transitional Loss/ Relief	(27)
(2,929)	Small Business Rate Relief	(3,197)
(1,569)	Other Mandatory Reliefs	(1,476)
(318)	Discretionary Reliefs and Remissions	(321)
(789)	Local Discounts	5
17,238	**Net Business Rate Income**	**17,103**

Note 4: Contribution towards previous year's estimated surplus/(deficit) for council tax

2015/16 £000s		2016/17 £000s
17	Derbyshire County Council	175
3	Derbyshire Police Authority	27
1	Derbyshire Fire & Rescue	11
4	Derbyshire Dales District Council (including parish councils)	37
25		**250**

Contributions received in respect of previous year's estimated surplus/(deficit) for Business Rates:

2015/16 £000s		2016/17 £000s
339	Central Government	(329)
61	Derbyshire County Council	(59)
7	Derbyshire Fire and Rescue	(7)
271	Derbyshire Dales District Council	(263)
678		**(658)**

Note 5: Impairment Allowance

The Collection Fund account provides for bad debts on council tax arrears on the basis of prior years experience and current years collection rates.

2015/16 £000s		2016/17 £000s
171	Balance at 1 April	194
(60)	Write offs during year	(50)
83	Contribution to provision	39
194	**Balance at 31 March**	**183**

The Council's proportion of the balance at 31st March 2016 is £27,000 (31st March 201 £28,000).

The Collection Fund account also provides for bad debts on NDR arrears.

2015/16 £000s		2016/17 £000s
228	Balance at 1 April	265
(165)	Write offs during year	(525)
202	Contribution to provision	425
265	**Balance at 31 March**	**165**

The Council's proportion of the balance at 31st March 2016 is 40% i.e. £66,000 (31 March 2016 £106,000).

Note 6: Provision for Appeals

The Collection Fund account includes provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled at the year end. 2013/14 was the first year of this provision.

2015/16 £000s		2016/17 £000s
595	Balance at 1 April	607
(71)	Appeals Settled	(914)
83	Contribution to provision	943
607	**Balance at 31 March**	**636**

The Council's proportion of this provision is 40% i.e. £254,000 (31 March 2016 £243,000).

GLOSSARY OF TERMS

Accounting Period
The period of time covered by the accounts. Normally this is the 12 months commencing on 1 April and finishing on 31 March the following year. The end of the accounting period is the Balance Sheet date.

Accrual
A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods or services received but paid for by the end of the accounting period.

Agency
The provision of services by one local authority (the agent) on behalf of the responsible body. The Authority carrying out agency services is reimbursed by the responsible body to the extent of approved expenditure together with any agreed contribution towards administrative costs.

Appropriation
The transfer of ownership of land or a building between one service and another.

Auditor
An independent expert who examines the Council's processes and accounts to ensure that statutory requirements and non-statutory Codes of Practice have been followed.

Balance Sheet
This shows the financial position of the Council as a whole (excluding amounts attributable to the Ernest Bailey Trust Fund) and summarises its assets, liabilities and reserves as at the end of the accounting period.

Budget
A statement of the Council's policies and spending plans for net revenue and capital expenditure over a specified period of time.

Capital Charge
A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure that enhances and not merely maintains the value of an existing fixed asset, such as land and buildings.

Capital Receipts
The proceeds from the disposal of land or other fixed assets and repayment of certain grants and advances. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure.

Code (of Practice)
Within the context of this document, this refers to the Code of Practice on Local Authority Accounting in in the United Kingdom 2014/15 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting that must be followed to prepare a set of accounts that "presents fairly" the financial position of a Council.

Collection Fund
A separate account, required by statute, to show the transactions of a billing authority in relation to Council Tax and Non-Domestic Rates (NDR).

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

Contingency
A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Creditors
Amounts owed by the Council to others for work done, goods received or services rendered for which payment has not been made at the balance sheet date.

Current Assets
Assets whose value tends to vary on a day-to-day basis, e.g. physical stockholdings, cash and bank balances. It is reasonable to expect that assets under this head on a balance sheet will be consumed or realised during the next accounting period.

Current Liabilities
Amounts which will become payable or could be called in within the next accounting period, e.g. creditors.

Debtors
Amounts due to the Council from others for goods and services that they have received but not paid for at the balance sheet date.

Deferred Liabilities
These are items shown on the balance sheet that reflect amounts owed to others, where the sums are payable over future financial years.

Deferred Premium
This is an amount due to be paid by an authority on the early redemption of debt where losses have been made. It can arise as part of a restructuring package and can be written off to revenue over the life of the replacement loans.

Depreciation
This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets due to age or deterioration through usage.

Earmarked Reserves
Amounts put aside to meet specific liabilities in the future. The main Council reserves are its Capital and Insurance Reserves.

Embedded Lease
A contractual arrangement involving the provision of services using specific underlying assets, for example refuse collection vehicles held by the contractor.

Financial Year
The Council's financial year commences on 1st April and finishes on 31st March the following year.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The Government's capital control system treats this as a credit arrangement, as if it were similar to borrowing.

Financial Instruments Adjustment Account
This provides a balancing mechanism between the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under the SORP and are required by statute to be met from the General Fund.

FRS

This refers to Financial Reporting Standards, which set out the proper accounting practices with which the Council must comply when preparing its accounts.

General Fund

The statutory revenue account of the Council which summarises the cost of all services provided by the Council which are funded from the precept, government grants and other income.

General Reserves
Amounts put aside, but not allocated to meet, any future spending commitments. The Council's General Reserves include a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow.

Government Grants

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Revenue Support Grant.

Impairment
The reduction in the value of a fixed asset caused by a change in circumstances such as a decline in market value, physical damage, obsolescence etc. The impairment must be written off to the Comprehensive Income and Expenditure Account.

Liquid Resources

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily converted to known amounts of cash at or close to the carrying amount, or traded in an active market.

Minimum Revenue Provision
The minimum amount which must be charged to an authority's revenue account each year, as a provision to repay borrowing and finance leases.

Net Book Value

The amount at which fixed assets are included (valued) in the Balance Sheet i.e. their historical cost or their current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
The cost of replacing or recreating a fixed asset in its existing condition or existing use.

Net Debt

The Council's borrowings less cash and liquid resources.

Net Realisable Value
The open market value of the asset in its existing use.

Net Worth

This represents the Council's reserves and balances, both capital and revenue.

Non Current Assets

Items that have a monetary value and are expected to yield benefits to the Council and the services it provides for a period of more than one year. Examples of fixed assets would be land and buildings or vehicles. The amounts shown in the Balance Sheet are the current valuations less depreciation.

Non Distributed Costs

These are central costs that are unapportionable over service heads. For example certain retirement benefits and unused shares of IT facilities and other assets

Operating Lease

A lease other than a finance lease. This type of lease, usually for office equipment, is similar to renting and does not come into the Government's capital control system. Ownership of the asset must remain with the lessor.

Precept

The levying of an amount by one authority that requires another authority to collect income on its behalf. The Council's Collection Fund meets the precepts from the County Council, Police Authority and Fire and Rescue Service as well as making a payment to the Council's own General Fund. Precepts raised by Town and Parish Councils are paid from the Council's General Fund.

Provisions

A liability of uncertain timing or amount.

Prudential Code

Prudential Code for Capital Accounting in Local Authorities. To ensure within a clear framework that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that the Treasury Management decisions are taken in accordance with good practice**.**

Public Works Loans Board

A central government agency, which provides loans to local authorities.

Residual Value

The net realisable value of an asset at the end of its useful life.

Revenue Expenditure

Expenditure to meet the day-to-day running costs incurred in providing services e.g. wages and salaries, purchase of materials and capital charges.

Revenue Expenditure Funded from Capital Under Statute

Expenditure classified as capital for funding purpose, when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. This is to enable it to be funded from capital resources rather than charged to the General Fund and impact on the Council Tax.

Revenue Support Grant

A general government grant paid to the Council as a contribution towards the cost of its services.

INVITATION FOR FEEDBACK

In preparing the Statement of Accounts the District Council has attempted to present details of its finances in a way, which is accurate, in accordance with appropriate Codes of Practice, meets statutory obligations, and is reasonably easy to understand. However efforts are continuing to improve the presentation of financial information, so if you have any views, comments, questions or suggestions for improvement, please write to:

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