West Lindsey District Council Statement of Accounts and Annual Governance Statement 2017/18

Audited

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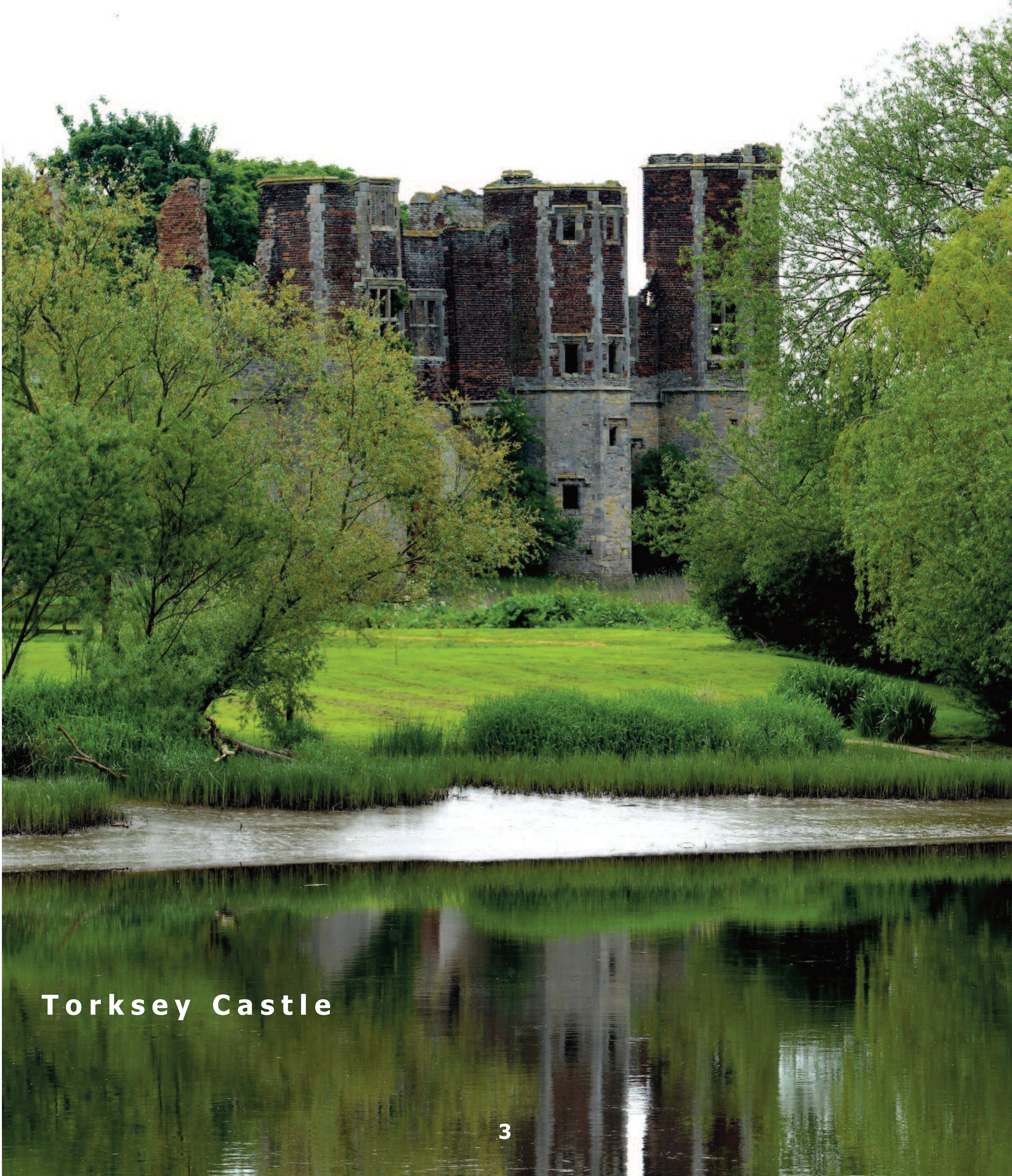
NARRATIVE REPORT



Torksey Castle

INTRODUCTION

I am pleased to be able to provide an introduction to West Lindsey District Council's Financial Statements for 2017/18. This is my first introduction to such a document and I will provide readers with a member view of the state of the Council.

The Narrative Report below will provide a summary of our performance 'in year' and an overview of our financial position. I will therefore focus on a few headline achievements in delivery of our Corporate Plan and our objectives for the future.

During this last year we have made some real strides forward to delivering a better future for the people of West Lindsey. We adopted the Local Plan for West Lindsey in April 2017 in addition to supporting local Neighbourhood Plans, partnered with a local developer to deliver a Hotel in Gainsborough which will be opened in September 2018, initiated significant improvements to a number of Market Street and North Street buildings, secured £8m of funding from regional and national agencies for upcoming developments, collected £2m more in Council Tax than the previous year and distributed £0.197m to local community groups which has generated £0.5m in matched funding for the district, achieving £2.53 for every £1 invested.

We have also remodelled the senior management team at West Lindsey and in doing so have reduced overall costs whilst securing a wider range of skills. The move from a Chief Executive model to a team of Executive Directors has provided increased capacity at the strategic and leadership level and an opportunity to refocus objectives in the delivery of our ambitious Corporate Plan. This results in improved value for money and reflects a Member led approach to running the Council.

We are currently preparing a revised Corporate Plan to update our objectives for West Lindsey to continue to deliver improvements to the district for the benefit of our residents over the next five to ten years. A major focus will be on placing the customer at the centre of our organisation through the Customer First programme of work. I look forward to sharing this plan with you and our stakeholders in due course.

Councillor Jeff Summers
Leader of the Council

As the Council's Chief Finance Officer I am pleased to present the 2017/18 Statement of Accounts.

This year has seen significant progress against our Corporate Plan objectives. Changes to organisational structures has focussed on the delivery of outcomes, in addition to the strengthening of project and performance management.

West Lindsey District Council continues its commercial approach to tackling the reducing government funding whilst achieving quality services, supporting communities with the objective of securing financial sustainability.

This Narrative Report provides more detail about the purpose of each financial statement; summarises the material items within them and gives a holistic overview of the year in terms of both financial and non-financial performance.

Within these statements you will also find reference to our subsidiary organisations and Joint Ventures which are part of our commercial and innovative approach to delivery of outcomes through commercial opportunities and working in partnership.

We have once again shown good financial stewardship over the year and delivered a small surplus from services of £0.150m in addition to additional income from Business Rates (NNDR) resulting in an overall surplus for the year of £0.432m.

Our Balance Sheet position remains strong with earmarked reserves of £12.635m being set aside for significant investment and service improvement initiatives. The General Fund balance stands at £3.914m which is above our minimum requirement of £1.5m, and will provide increased opportunities for investment and development across the district and within the Authority. This position has been supported by achieving collection rates amongst the highest in England.

In recent months, new guidance on accounting for capital expenditure (asset acquisition and development) and investment and borrowing has been produced. We welcome the changes these revisions have delivered and are confident that our financial strategy will be strengthened, as we continue to invest to generate ongoing revenue returns to support future service delivery and a sustainable financial future.

In terms of future financial risks, during the year the government commenced its consultation on Fair Funding which seeks to revise the funding arrangements for Local Authorities for the financial year 2020/21, in addition to undertaking a review of Business Rates Retention Scheme. We have engaged fully with these consultations and will continue to seek to influence the outcome in the best interests of West Lindsey residents.

Ian Knowles
Executive Director of Resources

INTRODUCTION TO WEST LINDSEY

The District covers 1,156km2 (446 square miles), with the administrative centre in Gainsborough on the River Trent to the west, and the market towns of Caistor and Market Rasen to the east.

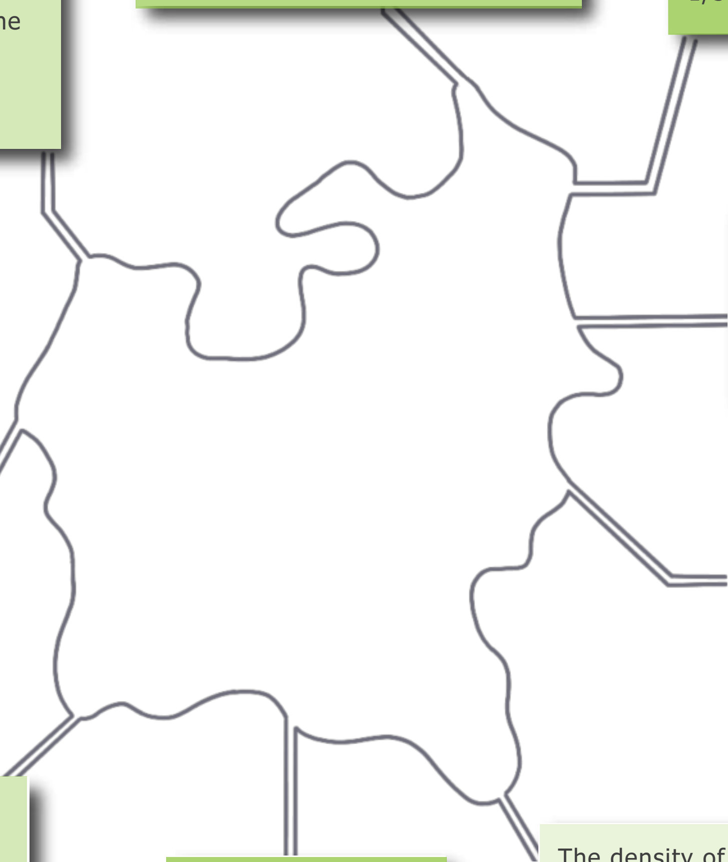
The topography of the District varies from the low Trent Valley to the west to the rolling hills bordering the Lincolnshire Wolds Area of Outstanding National Beauty in the east. There were 25 wards in the district between 2011 and 2015, and where available, information is presented at this level (whilst ward boundaries changed in 2015, ward-level statistics have generally not been updated so far). The district currently has 20 wards.

The district is made up of 97 parishes, of which 72 have parish councils and 19 smaller ones who have parish meetings. One of the main features of the district is that the population is spread across a large area. The mid-year estimates for 2016 give the district a population of 93,734 at a density of 81.11 people/km2.

The number of empty homes declined by 56% between 2012 and 2017. It went from 931 long-term vacant in October 2012 to 409 in May 2017

Homelessness is low in West Lindsey. There was one rough sleeper in 2016. Between 2010 - 2016, the number recorded was never higher than 3.

Almost 1/4 of the houses in the district are bungalows. 1/3 are detatched.



In 2015, 55% of pupils attained A* - C (including Maths and English) at GCSE

62% of West Lindsey residents are of working age.

26% of residents are more likely to be employed in manufacturing and 407% more likely to work in agriculture than the national average

The number of businesses in West Lindsey grew 2.5% in 2014, in line with the Lincolnshire average of 2.5%. The majority of new businesses in the district are created in Gainsborough.

The average house price is £159,369 (as of December 2016)

The density of the district in 2016 was 81.11 people/km2 - the least dense local authority in Lincolnshire (apart from East Lindsey) and the 313th most dence English district among the total of 326

*Calculations are based on the 2011 census

EXECUTIVE SUMMARY

1. NATIONAL AND LOCAL FUNDING INCLUDING ECONOMIC OUTLOOK

The current government is developing its approach to a UK that is no longer in the European Union. At this time there is significant uncertainty over what this will mean both economically and politically.

Local Government is being consulted through its range of networks; Local Government Association (LGA), Rural Services Network (RSN), District Council Network (DCN) and County Council Network (CCN). There is additional work being undertaken at a regional level through the 'Midlands Engine'. The following issues will impact on our future funding:

- The National Industrial Strategy is being rolled out at a regional level and the Midlands Engine is developing the approach for East and West Midlands.
- 100% Business Rates Retention. We are currently in the Greater Lincolnshire 100% pilot however this is currently agreed for one year. Government are proposing a 75% retention scheme nationally from 2020/21.
- Fairer Funding Consultation – new baseline funding allocation based on relative needs and resources.

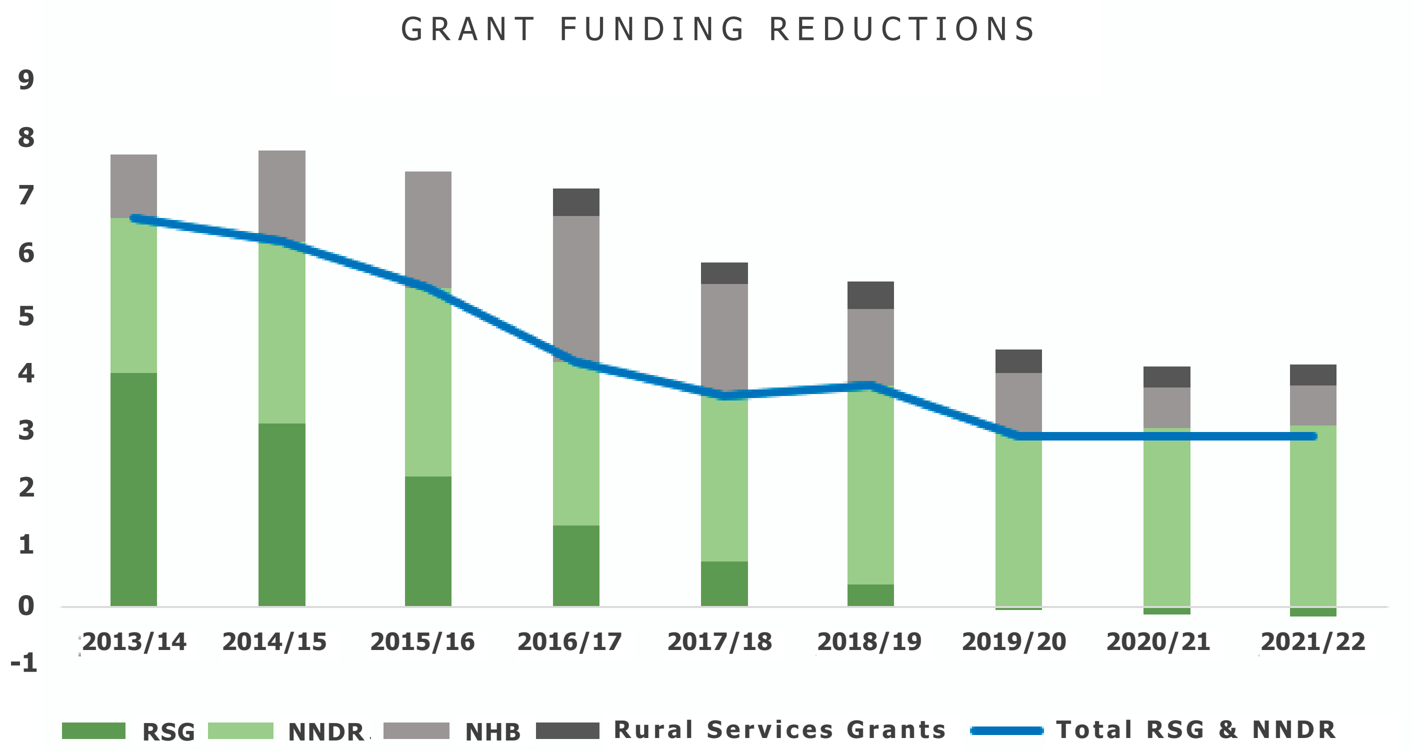
The Council will be pro-actively participating in all consultation exercises and will align its Policies and Strategies to ensure we maximise our opportunities.

2. FINANCIAL ANALYSIS

West Lindsey District Council Settlement Funding Government Grant Reductions up to end of 4 year settlement

	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m	2019/20 £'m	2020/21 £'m	2021/22 £'m
Revenue Support Grant (RSG)	3.969	3.125	3.198	1.387	0.761	0.371	-0.065	-0.124	-0.185
Non-Domestic Rates (NDR - Baseline funding)	2.641	3.111	3.226	2.766	2.823	3.407	2.972	3.032	3.092
Rural Services Grant	0	0	0	0.471	0.381	0.475	0.381	0.381	0.381
TOTAL Settlement Funding Amount (SFA)	**6.610**	**6.236**	**6.424**	**4.624**	**3.965**	**4.253**	**3.288**	**3.289**	**3.288**
% Annual Change		**-5.66**	**-13.02**	**-14.75**	**-14.25**	**7.26**	**-22.69**	**0.03**	**-0.02**
New Homes Bonus (NHB)	1.083	1.549	1.986	2.487	1.896	1.278	1.014	0.693	0.658
TOTAL SFA incl NHB	**7.693**	**7.785**	**7.410**	**7.111**	**5.861**	**5.531**	**4.302**	**3.982**	**3.946**
% Annual Change		**1.20**	**-4.82**	**-4.04**	**-17.58**	**-5.63**	**-22.22**	**-7.44**	**-0.90**

The Graph below illustrates government funding levels:

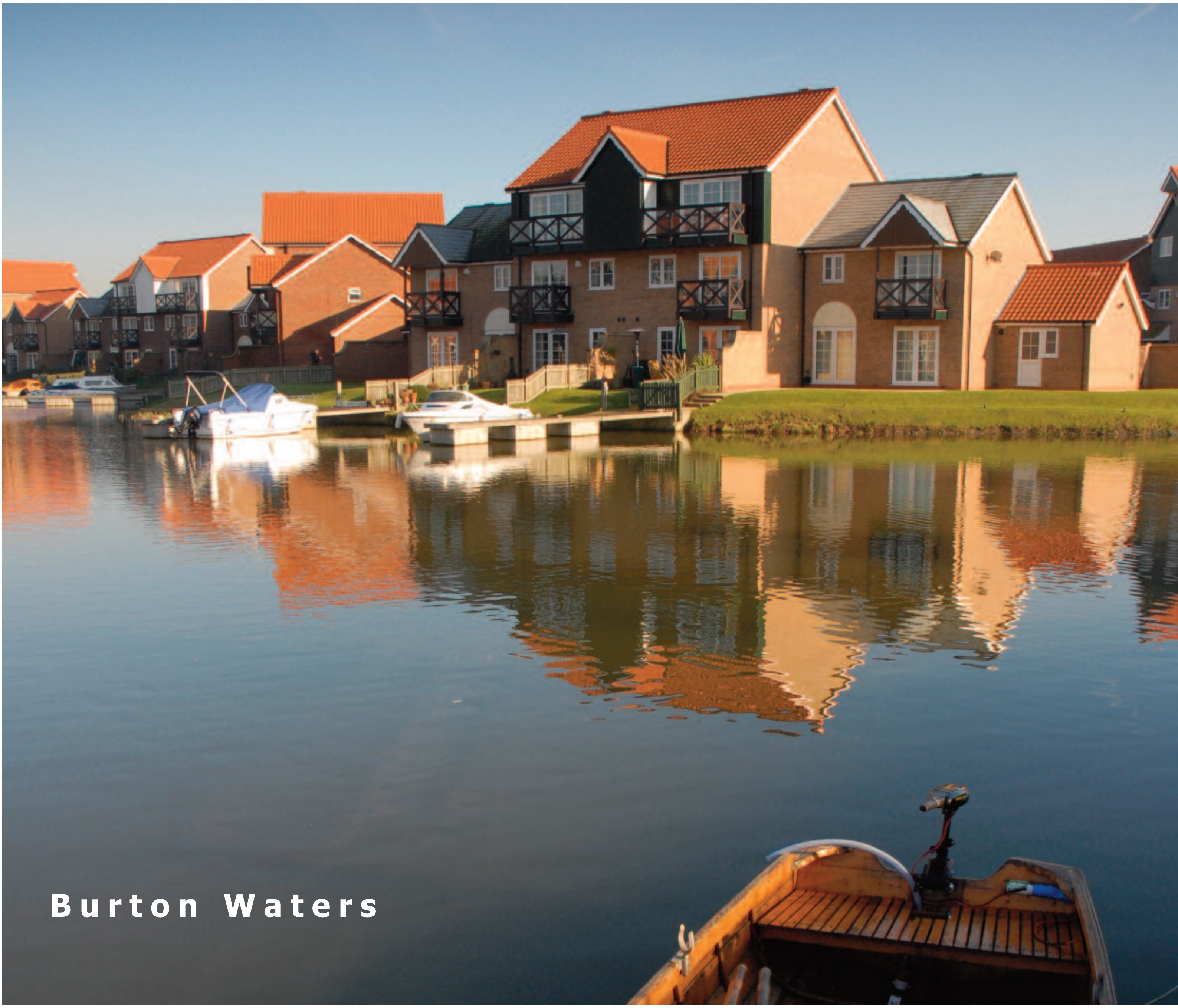


Note: RSG is Revenue Support Grant, NNDR is National Non Domestic Rates (Business Rates) NHB is New Homes Bonus Grant, variances reflect how our funding has been affected by Government policy and austerity drive since 2013/14. Having agreed to the 4 year settlement 2016/17 to 2019/20 our strategy is to be non-reliant on RSG by 2020

3. GOVERNANCE ISSUES

The Annual Governance Statement contains a number of significant governance issues which will be addressed during 2018/19

- New Corporate Plan – the objectives are focussed upon evidence based priorities.
- PCIDSS (Payment Card Industry Data Security Standard) – ensuring compliance with industry regulation
- Wellbeing Service – New service performance
- Future of the Challenge and Improve Committee – Scrutiny committee which adds value to decision making
- Value for Money – to continue in the develop improvement plans in order to achieve greater VFM and culture change.
- Commercialism – appropriate oversight and scrutiny.



4. CORPORATE PLAN 2016-2020

The administration have developed a Corporate Plan to cover the period to the next local elections in 2020.

The Medium Term Financial Strategy (MTFS) for 2017/2018 to 2021/22 aligned resources to the six Corporate Plan themes, and achievements thus far are detailed below;

OPEN FOR BUSINESS

to attract award winning investment

PEOPLE FIRST

ease and convenience of access to a range of public services offered by the council and partner organisations

ASSET MANAGEMENT

to develop and maximise the return on, and value of, our land and property

PARTNERSHIP/ DEVOLUTION

work in partnership to explore opportunities to deliver improvements in housing, infrastructure, agri-food, manufacturing and engineering, visitor economy, skills, water management, health and public protection

CENTRAL LINCOLNSHIRE LOCAL PLAN

make sure the Local Plan is adopted

EXCELLENT VALUE FOR MONEY SERVICES

explore alternative delivery models to ensure effective use of resources

The Corporate Plan can be found at www.west-lindsey.gov.uk

5. FINANCIAL STRATEGY (2017/18 and forward looking)

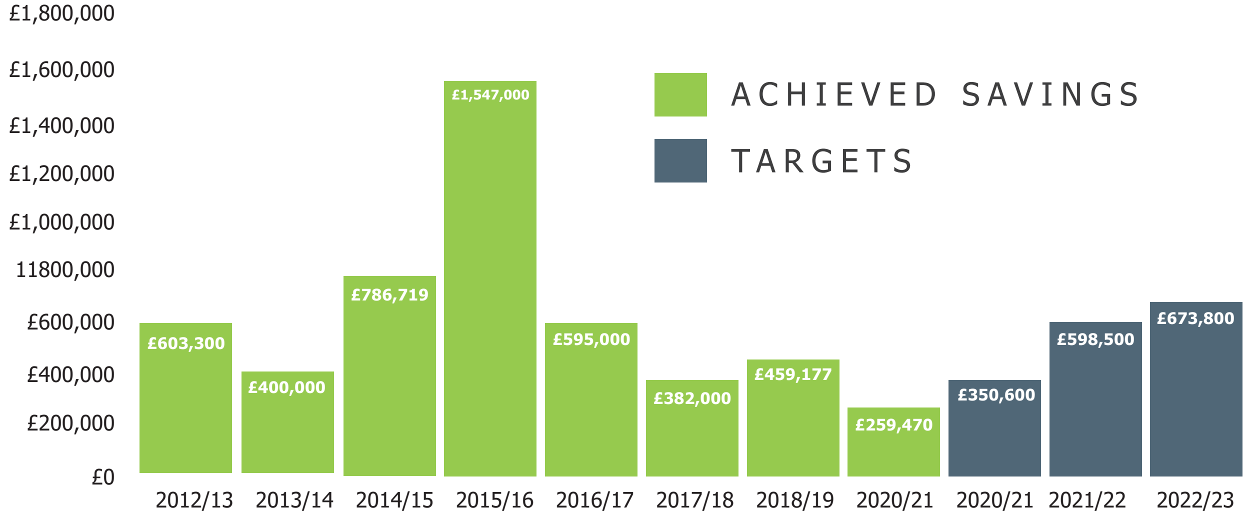
The Council has established a portfolio of programmes to deliver the Corporate Plan 2016/17 – 2020/21. The Financial Strategy 2017/18 has been developed to ensure the Council delivers against the six themes above;

We have designed the activities to maximise income generation, improve efficiency and customer services and develop the economy of the District. The programmes include:

- Closer to the Customer
- Invest West Lindsey - Housing Development, Land and Property, Gainsborough Growth
- Trading Services
- Community Commercial Services
- Commercial Investments

6. DID 2017/18 ACTUAL SAVINGS MEET THE BUDGETED TARGET?

Within this context the priorities within the Medium Term Financial Plan (MTFP) were to maximise available resources through efficient and effective delivery of services; identify and drive innovative approaches to service delivery and resourcing. Significant savings and increased income have already been realised to match the reduction in Government Funding and to fund increased costs of running Council services since 2013/14, as illustrated in the graph below.



For 2017/18 £0.384m of new commercial income has been achieved against the £1m by 2020 target. In addition out-turn surpluses of £0.432m have been transferred to the General Fund Balance. A review of future investment in corporate priorities will be undertaken as part of Medium Term Financial Planning 2019/20.

Whilst a surplus has been achieved in 2017/18 the commercial income generation is behind target by £0.314m and this expected to be remedied in 2018/19.

For information regarding our plans for 2018/19, please refer to our Executive Business Plan and Medium Term Financial Plan 2018/19 contained in the Budget Book which can be found on our website at www.west-lindsey.gov.uk/my-council/contacts-facts-and-figures/council-spending/budget-book/

7. INVESTMENT IN DELIVERY OF CORPORATE PRIORITIES 2017/18

The Corporate Plan is our key strategic document which sets our objectives over the medium term. It is designed to meet the varied needs of the District as prioritised in the key themes.

The Corporate Policy & Resources Committee monitors each of these themes on a quarterly basis as part of its performance monitoring processes. The following chart shows the capital investment for 2017/18 into each of the above theme areas.

Travelodge Hotel, Land Assembly by the Riverside, Two Blue Chip regeneration specialists bidding to be our partner in Invest Gainsborough, New Leisure contract delivering improved facilities and new facilities for Market Rasen, New Crematorium to be built in West Lindsey.

Creation of a Service Hub, Introduction of Selective Licencing Scheme, Community defibrillator scheme, Investment in Trinity Arts Centre

First new commercial property acquired, Increased income from existing commercial property, improvement in Market Rasen Depot

The Central Local Plan has been adopted.

Successful partnership to Pilot NNDR 100% retention, new joint venture for developing Market Street, successful bid for the Wellbeing Service (contract awarded by LCC), Mayflower 400 national project

Waste Collection Services nominated for an award by APSE for the 7th year running, improved performance in Land Charges and Development Management.

8. PERFORMANCE OF THE COUNCIL

Work starts on a new Travelodge hotel with Ponti's restaurant. This will create new jobs and boost the town's visitor economy.


The new Travelodge

The Councils Land Charges service of number of days taken to determine searches has gone from 32 days to 3 days turnaround as a result of the introduction of new systems.

A joint venture partnership between developers Dransfield Properties Ltd and West Lindsey District Council are working towards returning Gainsborough town centre retail units to their former glory. The first shop front was unveiled in March 2018.

the council announces a new partnership with mixed-use development and urban regeneration specialists, Muse Developments to accelerate regeneration of Gainsborough.

In order to monitor the performance of the Council, new performance measures for 2017/18 have recently been set relating to our customers, finance, process and quality. Each service within the Council has its own specific measures set and there is an overriding scorecard that shows corporate health. The table below shows key corporate health measures where performance data is available.

Performance Highlights

168
Volume of received complaints
Target: 174
2016/17: 181

39%
service requests received through digital channels
Target: 35%
2016/17: 25.3%

402
Volume of received compliments
Target: 213
2016/17: 168

2.88%
Position against budget
Target: 5%
2016/17: 6.9%

90.3%
Employee satisfaction
Target: 65%
2016/17: Bi-Annual

78%
% of calls answered
Target: 80%
2016/17: 72.5%

99.75%
Service & system availability
Target: 98%
2016/17:99.9%

0.49%
Staff absenteeism
Target: 0.7%
2016/17: 0.74%

9. SUMMARY OF FINANCIAL PERFORMANCE 2017/18

The Council approved a revenue budget, including Council Tax charges, for 2017/18 of £15.012m. There was no requirement to utilise the General Fund Balance to provide a balanced budget. The Actual out-turn has realised a surplus of £0.432m (2.88%) after taking account of approved carry forwards, and this has been transferred to the General Fund Balance.

During the year the Council changed its management reporting structure to its new service clusters of People, Places and Policy and Resources. This change reflects the new Executive Director Team structure.

The change has required a restatement of 2016/17 amounts for direct comparison between financial years. Accordingly, the following 2016/17 financial statements/Notes have been restated:

- Comprehensive Income & Expenditure Statement
- Expenditure and Funding Analysis
- Note 9 Expenditure and Income Analysis by nature.

The following table reports the revenue figures for 2017/18 before any adjustments required by accounting standards that are subsequently reversed under statute.

Revenue Out-Turn 2017/18 **SERVICE CLUSTER**	**2017/18** **Budget** **£**	**2017/18** **Actual** **£**	**2017/18** **Variance** **£**
People Places Policy and Resources	4,917,200 2,001,800 4,967,899	4,684,655 1,556,029 4,400,893	(232,545) (445,771) (567,006)
Controllable Total	11,886,899	10,641,577	(1,245,322)
Corporate Accounting Total Statutory Accounting Total Movement in Reserves Total	1,665,987 5,438,000 (3,978,700)	1,870,221 1,786,355 (403,600)	204,234 (3,651,645) 3,575,100
Net Revenue Expenditure	15,012,186	13,894,553	(1,117,633)
Funding Total	(15,012,186)	(15,201,598)	(189,412)
(SURPLUS)/DEFICIT FOR THE YEAR	0	(1,307,045)	(1,307,045)
APPROVED CARRY FORWARDS		875,300	875,300
(SURPLUS)/DEFICIT TO GENERAL FUND		**(431,745)**	**(431,745)**

Service Clusters include the following service areas:

People

Front facing customer services – i.e. Benefits, Council Tax, Operational Services, Homelessness and Housing, Licensing, Customer Services, Food Safety

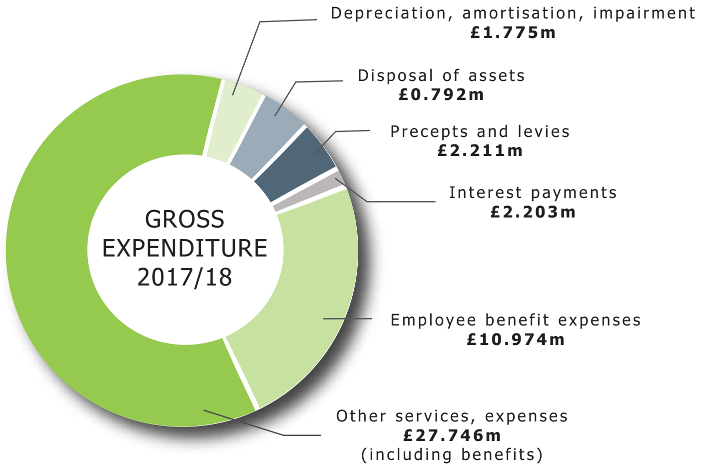
Places

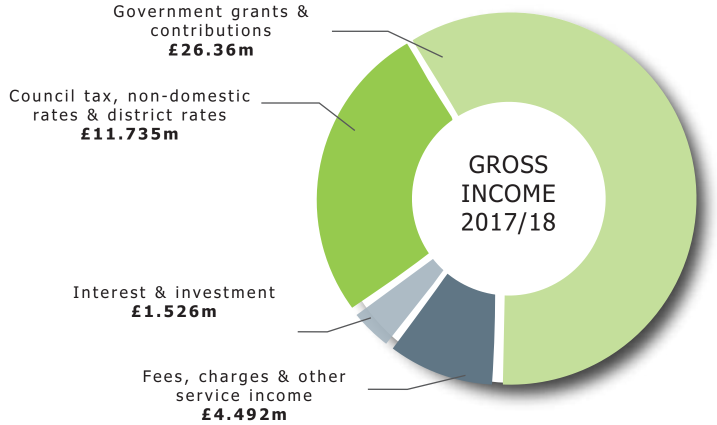
Area based services, i.e. Development Management, Economic Development, Car Parking, Asset Management, Leisure

Policy & Resources

Corporate services, i.e. Finance, Human Resources, Committee Administration, ICT, Business Improvement, Elections, Corporate Fraud

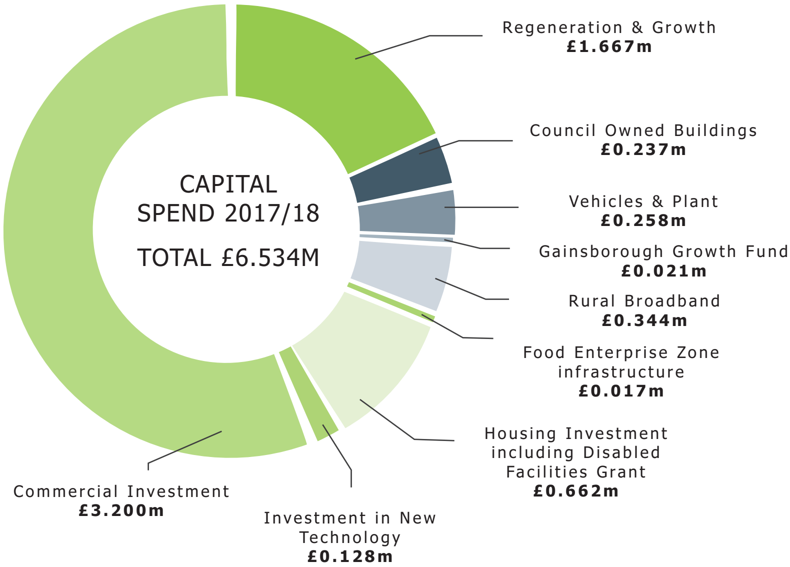
As part of the Expenditure and Income analysed by nature (Note 9) Gross income totalled £44.113m (£44.595m 2016/17), and gross expenditure was £45.701m (£45.729m in 2016/17 and analysed by types of income and expenditure in the following graphs;

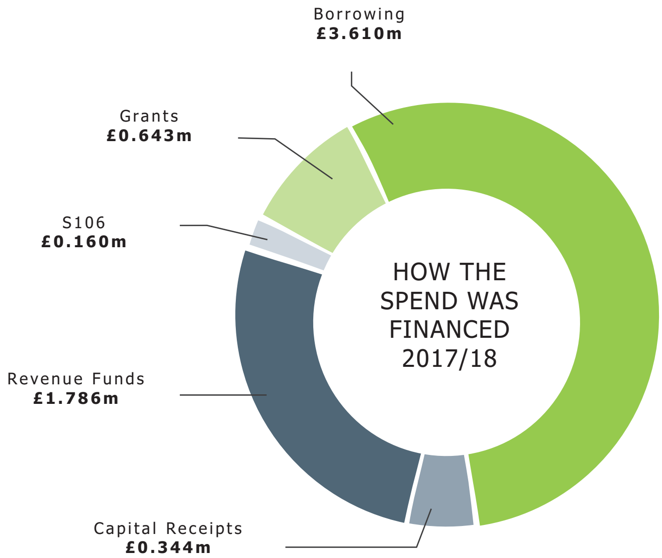




The Capital Programme

Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings and vehicles, in addition to providing grant funding for regeneration and growth projects. The distinction between capital and revenue expenditure is that the Council and its communities receive the benefit from capital expenditure over a number of years. The Council spent £6.534m (£2.584m in 2016/17) during the year and financed this expenditure as detailed in the graphs below;





The Council recognises the revenue impact of capital investment and monitors this closely as part of corporate monitoring processes. Business cases supporting the capital investment proposal includes all revenue impacts and these are assessed as part of the budget setting process to ensure that they are affordable.

Sources of funds - to meet future capital expenditure plans and other financial commitments

The Council has approved the following capital programme funding plans for the period 1 April 2018 to 31 March 2023.

Funding	**£'m**
Grants & Contributions	7.256
Revenue Financing	11.789
Useable Capital Receipts	1.465
Prudential Borrowing	34.427
Total	54.937

Balance Sheet

Capital investment in 2017/18 has contributed to the increase in the assets of the Council by £4.782m. The increase in liabilities (including the pension liability) of £1.485m results in net assets of £8.009m (4.082m 2016/17).

Debt and Investments

The Council has no long term external borrowing nor was it necessary to undertake short term borrowing to meet cash flow requirements. The Council does however intend to undertake borrowing to support significant capital investments in future years.

At the end of the year the Council had £15.316m of investments (£18.888m 2016/17) which generated interest totalling £0.289m (£0.266m 2016/17)

Material Liabilities Incurred

The majority of the employees of the Council are members of the Local Government Pension Scheme (LGPS). The liability for both statutory and discretionary pension benefits, measured on an IAS19 basis has increased over the year. At 31st March 2018 the Council's net liability reported by the Actuary to the LGPS was £36.682m (£36.382m in 16/17), an increase of £0.300m. This is mainly due to increases in actuarial financial assumptions.

At the last formal review in 2016 the Actuary assessed that the West Lindsey District Council Pension Scheme was 66% funded, payments are made annually to aim to achieve a fully funded scheme within 20 years.

More details of the IAS19 valuation are set out in Note 31 to the Financial Statements.

Significant provisions, contingencies and material write-offs

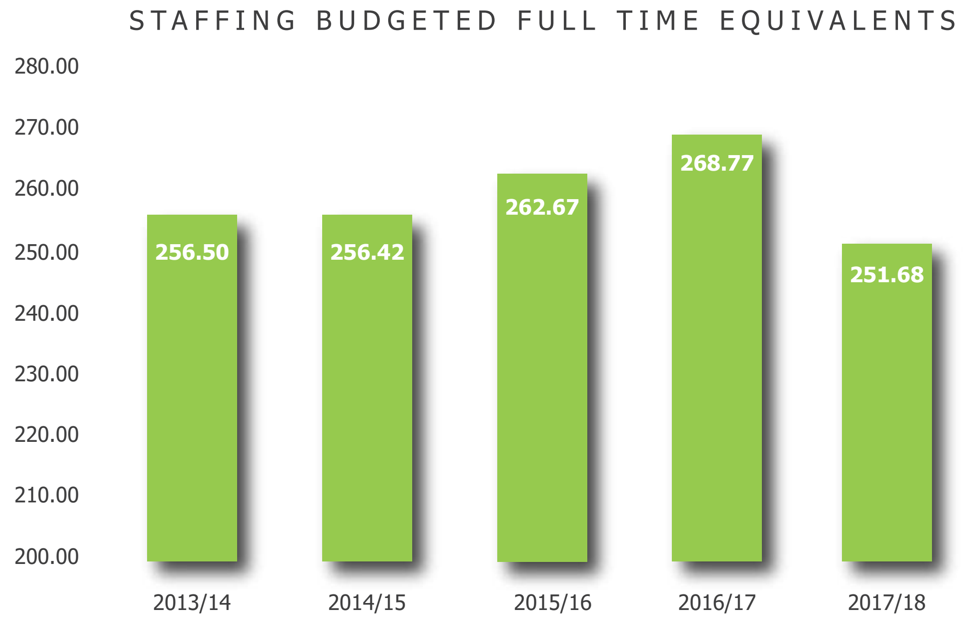
No significant contingencies or material write offs were recognised in 2017/18. However the Council has set aside provisions of £0.934m (£0.928m 2016/17) mainly in respect of appeals against NNDR rating assessments, possible outstanding legal cases and insurance.

9. STAFFING TRENDS

The Council has put considerable effort into its drive to become more efficient by reducing staffing numbers yet maintaining quality award winning services. This has been achieved by introducing a range of measures such as more flexible working, restructuring management and streamlining back office activities by the use of new technology.

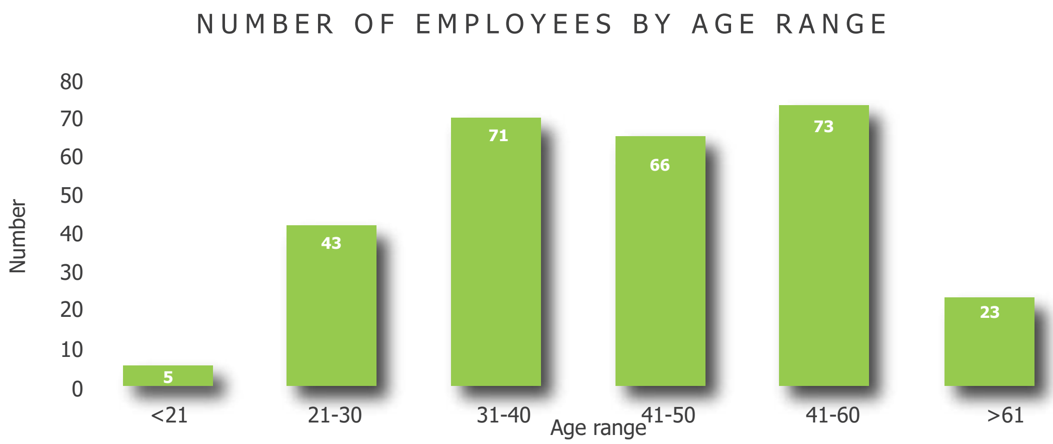
The Council has 39 full time or part time temporary/fixed term contract staff who provide additional resource for specific projects or service delivery.

The reduction in staffing numbers reflects in year structure changes.



In 2017/18 we employed 281 members of staff - part time and flexible working arrangments meant that this equates to 251.68 FTEs

The Council is conscious of the demographic of its employees and is keen to ensure business continuity by establishing a workforce development and training plan that will explore and support the organisational need for succession planning.



Of the total number of employees 44% are male and 56% are female.

10. CARBON MANAGEMENT PLAN

The Council is committed to reducing energy usage and carbon emissions and has in place within its Carbon Management Plan carbon reducing projects and action plans to deliver this objective. Since 2008/09 CO2 emissions have been reduced by over 20%. The plan aims to build on this success in order to achieve an ambitious target reduction of 35%.

11. COUNCIL COMPANY INTERESTS

In common with many other councils, the Council uses different forms of service delivery and in some cases has created separate companies with its partners to deliver those services. The use of these companies means that the Council's financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all its activities. However, the value and level of transactions for the companies that the Council controls does not materially impact on the overall understanding of the financial statements.

West Lindsey currently has 4 registered companies in which it has a shareholding, West Lindsey Trading Ltd is a holding company which has 2 subsidiary companies (WLDC Staffing Ltd and Sure Staff Lincs Ltd.) These are wholly owned West Lindsey companies where the Council is the only share holder. Market Street Renewals Limited is a Joint Venture Company Limited by shares and is Jointly Owned by West Lindsey and Dransfield Property Services.

Market Street Renewal Ltd

development and renovation of properties in Market Street in Gainsborough.

Surestaff (Lincs) Ltd

A employment agency for local workers and businesses

WLDC Staffing Services Ltd

specifically established to provide temporary operational workers to the Council.

WLDC Trading Ltd

holding company for the purpose of governance

A summary of the activity shows:

Profit and (Loss) as at 31 March	2016/17 £	2017/18 £
Surestaff (Lincs) Ltd	(24,073)	(31,190)
WLDC Staffing Services Ltd	N/A	11,322
Market Street Renewal Limited (MSRL)	N/A	(1,540)

12. RISK MANAGEMENT

The Council manages all risks via a formal Approved Code of Practice. As part of the process, comprehensive strategic and service risk registers are maintained and processes are in place for risks identification and review. In addition to risk identification, mitigating actions are agreed to either terminate the risk or reduce its potential impact.

Financial risks are specifically identified and considered within the MTFP report as part of the budget setting process. These risks are then monitored by a number of methods depending upon the type of risk. For example, the risk of income targets not being achieved is monitored through monthly income monitoring and reporting is undertaken with a full review of fees and charges annually which incorporates trend analysis and future demand estimations.

Business Cases for projects within wider Programmes of work, also identify risks and mitigations, these are monitored through a robust process of reporting.

Key Future Risks

Successful delivery of our commercial and growth commitments. The Financial Strategy has plans to use a significant amount of our reserves in addition to borrowing to both develop the District and to invest in a range of commercial opportunities to increase our self-generated income substantially over the next four years. It is unlikely that all initiatives will be successful however we are confident that sufficient success will be achieved to deliver an appropriate level of return on our investment. We will commit to focus on customer service improvement, governance and performance which is designed to manage our risk exposure and provide opportunities for assessing the likelihood for success.

Compliance with General Data Protection Regulations (GDPR), data leakage and Cyber Crime, would result in financial, legal and reputational consequences. Policies and Procedures and technology have been implemented to mitigate risk.

The future funding of Local Government: there is an unknown risk of the impact of any Local Government Funding reform and changes to the Business Rates Retention Scheme due for 2020/21, in addition to the impact of Brexit on the Council remain difficult to assess. The Council has therefore developed a Financial Strategy which aims for a sustainable future reliant on local tax revenues.

Our full list of Strategic Risks are contained in the Annual Governance Statement contained

14. FUTURE OUTLOOK AND SIGNIFICANT SERVICES CHANGES

With regard to planned future developments, exciting times are ahead for the Council. With significant Capital investment to realise a revenue return in accordance with the Financial Strategy of becoming a self-sufficient Council. Services continue to develop commercial acumen and identify ways in which to increase income, achieving efficiencies, and reduce costs. This may result in changes in the way we provide future services. The following are the key major opportunities on the near horizon:

Customer First programme

As Customers remain our priority focus the Council is committed to ensuring they receive the best possible experience and service from the resources available. The programme will include reviewing organisation structures, systems, processes, information and enabling technologies, creating a ‘modern digital-lead business’ that meets the customer’s needs and expectations, through an excellent customer experience. It is anticipated that future savings and efficiencies will be delivered through this programme of work

Economic Development and Housing Regeneration

The Council has procured a Development Partner and is committed to an investment program of

£13 million program of regeneration for Gainsborough to rejuvenate the town centre and riverside areas in addition to delivery of a leisure complex.

The service continues to achieve success with significant grant bids in support of regeneration and growth projects with circa £8m being approved in principle to support housing regeneration an economic growth, in addition to the development of a Food Enterprise Zone within the district, in addition to developing innovative ways in which to attract inward investment.

Commercial Property Acquisition

The Council will continue to invest in commercial property with the aim of generating a revenue return to support future sustainability in line with our Financial Strategy.

15. THE FINANCIAL STATEMENTS

As required by the Code the financial statements which follow consist of the following;

Expenditure and Funding Analysis (EFA)

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 clusters.

Comprehensive Income and Expenditure Statement (CIES)

Consolidates the total gains and losses experienced during the year and the total income and expenditure. The deficit on the Provision of Services totalled £1.588m (deficit of £1.134m 2016/17).

Movement in Reserves Statement (MIRS)

Shows the movement in the year on the different reserves held by the Council, which are split between those that are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical and statutory accounting (unusable reserves). The Council's useable reserves total £19.933m (£21.221m 2016/17).

Balance Sheet

The Balance Sheet shows the Councils financial position at 31 March 2018. Showing assets and liabilities in the top part and below the Council's reserves (Net Worth) that match them. Our Net Worth is £8.009m (£4.082m 2016/17), with the movement between years mainly affected by the following;

Valuation of Long Term property assets

The Balance Sheet Non-Current Assets relates to property, plant and equipment and includes acquisitions and enhancements, changes in valuations, and disposals. These events have resulted in an overall carrying value of £25.206m, an increase of £4.232m from 2016/17. Further details are contained within Note 15 to the Statement of Accounts.

Liabilities

A major liability included within long term liabilities relates the deficit on the pension fund which amounts to £36.682 an increase of £0.300m, this can be attributed to changes to actuarial financial assumptions. Further information on the pension's position is contained within Note 31 to the Statement of Accounts.

Reserves

Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves.

Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have reduced by £5.215m to £11.924m mainly reflecting the changes in asset revaluations on the Revaluation Reserve and no longer carrying a large deficit on the Collection Fund.

Usable reserves have decreased by £1.288m to £19.933m.

The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events, with the General Fund Balance (including Earmarked Reserves) being 25% of Net Operating Expenditure, which compares to our strategy minimum of 5%. The need for adequate reserves becomes even more important in view of the financial challenges faced by Councils. Reserves mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates. Such risks may also include changes in Government policy, further funding reductions and market factors.

Capital Reserves

Capital Receipts Reserve increases as a result of receipts from asset disposals and reduces as capital receipts are used to finance further capital investment. The reserve increased from £2.896m to £3.016m. In addition Capital Grants Unapplied Reserve relates to grant received for a specific capital scheme. The Capital Grants Unapplied Reserve balance is £0.368m (£0.153m 2016/17).

Cash Flow Statement

The Cash Flow Statement represents the Council's movement in cash (and cash equivalents) during the year. It shows that there has been an increase in cash of £2.158m to £9.380m (£7.222m 2016/17) as cash is expended on capital investments.

Supplementary financial statements

The Collection Fund represents the council taxes and business rates collected by West Lindsey District Council on behalf of those authorities responsible for services within the district, and Central Government, and the way in which these monies have been distributed among the authorities and Central Government to finance their expenditure.

Ian Knowles (S151 Officer)

Executive Director of Resources

Saxilby

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1. COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

2. CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the CODE).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable Accounting Policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code of Practice.
- kept proper accounting records which were up to date;
- taken responsible steps for the prevention and detection of fraud and other irregularities.

CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts for 2017/18 presents a true and fair view of the financial position of West Lindsey District Council at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

Signed: Date: 24 July 2018

Ian Knowles, Director of Resources (S151)
West Lindsey District Council

APPROVAL OF THE ACCOUNTS

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Governance and Audit Committee on 24 July 2018

Signed: Date: 24-7-2018

Chairman of Governance and Audit Committee
West Lindsey District Council

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves, those created for statutory accounting purposes only. The Movement in Reserves 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. The Council's usable reserves total £19.933m (£21.221m in 2016/17). Further information can be found in Note 8 and Note 10. Unusable reserves total £11.924m (£17.139m in 2016/17) as detailed in Note 23.

Movement in Reserves during 2017/18

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2017	**(18,172)**	**(2,896)**	**(153)**	**(21,221)**	**17,139**	**(4,082)**
Total Comprehensive Income and Expenditure	1,588	0	0	**1,588**	(5,515)	**(3,927)**
Adjustment from income & expenditure charged under accounting basis to the funding basis	35	(120)	(215)	**(300)**	300	**0**
Net (Increase)/Decrease in 2017/18	**1,623**	**(120)**	**(215)**	**1,288**	**(5,215)**	**(3,927)**
Balance at 31 March 2018 carried forward	**(16,549)**	**(3,016)**	**(368)**	**(19,933)**	**11,924**	**(8,009)**

Movement in Reserves during 2016/17

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2016	**(17,562)**	**(2,984)**	**(476)**	**(21,022)**	**10,411**	**(10,611)**
Total Comprehensive Income and Expenditure	1,134	0	0	**1,134**	5,395	**6,529**
Adjustment from income & expenditure charged under accounting basis to the funding basis	(1,744)	88	323	**(1,333)**	1,333	**0**
Net (Increase)/Decrease in 2017/18	**(610)**	**88**	**323**	**(199)**	**6,728**	**6,529**
Balance at 31 March 2017 carried forward	**(18,172)**	**(2,896)**	**(153)**	**(21,221)**	**17,139**	**(4,082)**

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. Councils raise taxation to cover expenditure in accordance with the statutory requirements; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and Funding Analysis (EFA) and the Movement in Reserves Statement (MIRS). The deficit on the Provision of Services totalled £1.588m (deficit of £1.134m in 2016/17).

2016/17 (restated)					**2017/18**		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**			**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
31,522	(25,370)	**6,152**	People		31,282	(24,853)	**6,429**
5,182	(2,346)	**2,836**	Places		4,532	(2,455)	**2,077**
4,181	(55)	**4,126**	Policy & Resources		4,681	(176)	**4,505**
40,885	**(27,771)**	**13,114**	**Cost of Services**		**40,495**	**(27,484)**	**13,011**
		2,353	Other Operating Expenditure	12			3,003
		833	Financing and Investment Income and Expenditure	13			677
		(15,166)	Taxation and Non Specific Grant Income and expenditure	14			(15,103)
		1,134	**(Surplus) or Deficit on Provision of Services**				**1,588**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(1,069)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	15			(4,034)
		6,431	Remeasurements of the net defined benefit liability/(asset)	23			(1,413)
		5,362	**Items that may be reclassified to (Surplus) or Deficit on the Provision of Services**				**(5,447)**
		33	(Surplus) or deficit on revaluation of available for sale financial assets	23			(68)
		5,395	**Other Comprehensive Income and Expenditure**				**(5,515)**
		6,529	**Total Comprehensive Income and Expenditure**				**(3,927)**

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to 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'.

31st March 2017 £'000		Notes	31st March 2018 £'000
20,974	Property, Plant & Equipment	15	25,206
164	Investment Properties	16	2,591
127	Intangible Assets		160
44	Heritage Assets		44
2,183	Long Term Investments	17	3,272
180	Long Term Debtors	17	828
23,672	**TOTAL LONG TERM ASSETS**		**32,101**
9,531	Short Term Investments	17	3,002
0	Assets Held for Sale		443
84	Inventories		99
4,106	Short Term Debtors	18	5,002
7,222	Cash and Cash Equivalents	19	9,380
20,943	**TOTAL CURRENT ASSETS**		**17,926**
(2,242)	Short Term Creditors	20	(3,472)
(917)	Short Term Provisions	21	(921)
(96)	Short Term Finance Lease Liability	30	(31)
(3,255)	**TOTAL CURRENT LIABILITIES**		**(4,424)**
(11)	Long Term Provisions	21	(14)
(32)	Long Term Finance Lease Liability	30	0
(36,382)	Pensions Liability	31	(36,682)
0	Grants Receipts in Advance - Revenue	27	(24)
(853)	Grants Receipts in Advance - Capital	27	(874)
(37,278)	**TOTAL LONG TERM LIABILITIES**		**(37,594)**
4,082	**TOTAL NET ASSETS/(LIABILITIES)**		**8,009**
(21,221)	Usable Reserves	22	(19,933)
17,139	Unusable Reserves	23	11,924
(4,082)	**TOTAL RESERVES**		**(8,009)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council. The movement in overall cash is an increase of £2.158m (decrease of £1.763m 2016/17).

2016/17 £'000		2017/18 £'000
(1,134)	**Net Surplus or (Deficit) on the Provision of Services**	**(1,588)**
759	Depreciation of Property, Plant and Equipment	804
296	Impairment and downward valuations	(458)
47	Amortisation of Intangible Assets	53
(1,241)	(Increase)/Decrease in Creditors	810
(546)	Increase/(Decrease) in Debtors	(2,032)
(5)	Increase/(Decrease) in Inventories (Stock)	(15)
1,075	Movement in Pension Liability	1,713
424	Carrying amount for non-current assets and non-current Assets Held For Sale, sold or derecognised	811
11	Other non cash items charged to the net surplus of Services	56
820	**Adjustments to net surplus or deficit on the Provision of Services for non-cash movements**	**1,742**
(357)	**Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities**	**(1,152)**
(671)	**Net Cash Flows from Operating Activities**	**(998)**
(1,624)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(4,389)
(14,538)	Purchase of short-term (not considered to be cash equivalents) and long-term Investments	(20,500)
(35)	Other payments for investing activities	(792)
20	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	19
14,500	Proceeds from short-term (not considered to be cash equivalents) and long-term Investments	26,000
846	Other receipts from investing activities	1,489
(831)	**Net Cash Flows from Investing Activities**	**1,827**
(35)	Other receipts from financing activities	(31)
(8)	Other payments/receipts from financing activities	1,456
(218)	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	(96)
(261)	**Net Cash Flows from Financing Activities**	**1,329**
(1,763)	**Net increase or (decrease) in cash and cash equivalents**	**2,158**
8,985	**Cash and cash equivalents at the beginning of the reporting period**	**7,222**
7,222	**Cash and cash equivalents at the end of the reporting period Note 19**	**9,380**

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (The Code) and the Service Reporting Code of Practice 2017/18, supported by the International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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.

ii Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant 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 Council.
- Revenue from the provision of services is recognised when the Council can measure, reliably, the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received, (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. Expenses incurred, which relate to employees, are not accrued for as they are considered to be relatively stable year on year and omitting them would not result in a material error.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii Acquired Operations

All operations acquired in year will be treated in line with the Council's accounting policies and if material disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

iv Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

v Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

vi Charges to Revenue for Non-Current Assets

Services and support services 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 Council 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 requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

The Council has assessed the Minimum Revenue Provision (MRP) in accordance with the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. Any charge in 2017/18 is for either new borrowing under the prudential system, based on the asset life method, or relates to the Council's current credit arrangements for Finance Leases for which the outstanding liabilities are repaid over the term of the agreement. For loans advances to third parties funded by borrowing the principal repayment on the loan is classed as a capital receipt and is then used as a proxy for MRP and set aside in the Capital Adjustment Account. The Council will review on a case by case basis any repayment of MRP against Prudential Borrowing undertaken for the purpose of Commercial Property Investment.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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.

vii Council Tax and National Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NNDR) on behalf of the major preceptors (including government for NNDR) and, as principals, collecting council tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NNDR. 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 NNDR collected could be less or more than predicted.

The council tax and NNDR income included in the

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

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

viii Employee Benefits

The Council accounts for employment and post-employment benefits when employees earn them and the Council is committed to providing them, even if the actual provision might be many years into the future. Employee benefits are accounted for in the following four categories:

a) Benefits Payable During Employment

Short-term employee benefits are those due to be settled payable within twelve months of the Balance Sheet date and include, wages, salaries, social security contributions, paid annual leave and paid sick leave, bonuses and non-monetary benefits, and similar payments and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

b) 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 (or in discontinued operations) in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in 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.

c) Post – Employment Benefits

Employees of the Council are eligible to be members of the Local Government Pension Scheme (LGPS) Lincolnshire Pension Fund, administered by Lincolnshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

d) The Local Government Pension Scheme

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

- Liabilities of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (determined

by reference to market yields at the end of the reporting period on high quality corporate bonds (iBoxx AA over 15 year index).

- The assets of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet at fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value

The assessment process takes the most recent triennial actuarial valuation and updates it to reflect current conditions.

The change in the net pensions liability is analysed into seven 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 Costs – the increase in liabilities as a result of a scheme amendment or a decision whose effect relates to years of service earned in earlier years (curtailment) – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Net Interest – on the net defined benefit liability/asset, i.e. net interest expense for the Council

– the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

Re-measurement comprising:

Return on scheme assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

Contributions paid to the Lincolnshire 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 Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension 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 Council 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.

Further information can be found in the Lincolnshire Local Government Pension Fund Annual Report. Which is available at the following link;

https://www.lincolnshire.gov.uk/local-democracy/how-the-council-works/finances/lincolnshire-county-council-pension-fund/

or the following address;

Treasury and Financial Strategy, Lincolnshire County Council, County Offices Newland, Lincoln, LN1 1YG

ix Events after the Reporting Period

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

x Financial Instruments

Financial Liabilities

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

Financial liabilities are classified into two types:

- amortised cost – liabilities that are not held for trading, such as operational creditors and borrowings; and
- fair value through profit or loss – liabilities held for trading.

The Council currently only has liabilities carried at amortised cost relating to Finance Leases, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the lease agreement.

Financial Assets

Financial assets are classified into two types;

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

Loans and receivables

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

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

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

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Where the asset has fixed or determinable payments, annual credits to the Financing and Investing Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – independent appraisal of company valuations.

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

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

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

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

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

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

xi Government Grants and Contributions

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

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

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

Monies advanced as grants or 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 or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council collects the levy, which is a planning charge on behalf of the County and Parish Councils and will be utilised for infrastructure projects to support the development of the area. As a collecting authority, other than an element of the charge being credited to the Comprehensive Income and Expenditure Account for administration costs, the income does not belong to West Lindsey District Council and therefore will be held on the Balance Sheet until paid over to the relevant bodies.

xii Heritage Assets – General

The Council holds Civic Regalia as a Heritage Asset

Heritage assets are recognised and measured (including the treatment of valuation gains and losses) in accordance with the council's policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The carrying amount of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the council's general policies on impairment – (see Accounting Policy xviv Property Plant and Equipment) in this summary of significant accounting policies.

xiii 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, rights to use land) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. All such expenditure is accounted for on an accruals basis and capitalised as a non-current asset.

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 Council 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 Council'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 Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure

Statement. 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.

xiv. Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. the judgement by the Section 151 Officer is that there is not material impact on the Statement of Accounts. Group Accounts are not required for 2017/18.

xv Inventories and long-term contracts

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

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

xvi Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvii Joint Operations

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

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

- its expenses, including its share of any expenses incurred jointly

xviii 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 Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the 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, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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 Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

Operating Leases

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

xix 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 possible that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets acquired above a de-minimis of £10,000 are capitalised.

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital

Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure assets, community assets and assets under construction – depreciated historical cost
- surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their 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 CIES where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives commencing in the first full year that the asset is included in the Council’s accounts. An exception is made for assets without a determinable 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:

- dwellings and other buildings – straight line allocation over the life of the property as estimated by the valuer with the exception of a number of leased shops, where the remaining term of the lease has been used

Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer

- Infrastructure – straight line allocation.

Asset Useful Economic Lives assumed

Assets	Useful Life Range (years)
Offices/Leisure Centre	20 to 60
Depots & Stores	46
Shops	48
Public Conveniences	39
CCTV Systems/IT equipment/Wheeled Bins/Office Equipment	1 to 11
Vehicles/Bin Lifters	1 to 7
Infrastructure Assets	20 to 31
Dwellings	46

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Materiality levels have been assessed and a materiality level of £0.5m for major components has been applied.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous 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 data 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 CIES 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 and credited to the Capital Receipts Reserve. The balance on the Capital Receipts Reserve can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement 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.

xx Provisions, Contingent Liabilities and Contingent Assets

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 the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement 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 and credited back to the relevant service.

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

Contingent liabilities

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

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

Contingent assets

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

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

xxi Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingences. 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 do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxii 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 a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxiii Value Added Tax (VAT)

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

xxiv Fair Value Measurement

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

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

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

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

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

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.

The following Accounting Standards and amendments have been issued but will not be adopted until the 2018/19 financial year.

a) IFRS 9 Financial Instruments (issued July 2014)

b) IFRS 15 Revenue from Contracts with Customers (issued May 2014)

c) Amendments to IFRS15: Clarifications to IFRS 15 Revenue from Contracts with Customers (issued in April 2016)

d) Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (issued January 2016)

e) Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative (issued January 2016)

IFRS 9 Financial Instruments: This introduces extensive changes to the classification and measurement of financial assets, and a new 'expected credit loss' model for impairing financial assets. There will be changes to the Comprehensive Income and Expenditure Statement (CIES) as gains and losses from the Property Fund Investment held by West Lindsey District Council under IFRS 9 will be charged direct to Investment Income and Expenditure Line. The Investment Available for Sale Reserve will no longer exist, resulting in a direct impact on the revenue of the Council. Based on prior year valuations it is assumed that this will not have a material impact on the accounts in 2018/19. Other Financial Instruments will be measured at amortised cost and will not have a material impact on the disclosure in the accounts for 2018/19. Under IFRS

9 the Council is also required to assess credit losses on financial instruments this is unlikely to have a material impact on West Lindsey District Council Accounts

IFRS 15 Revenue from Contracts with Customers: This presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council will be disclosing revenue recognised from contracts with customers which will be disclosed separately from other sources of revenue.

IAS 12 Income Taxes: (Recognition of Deferred Tax Assets for Unrealised Losses) This is not applicable for West Lindsey District Council.

IAS 7 Statement of Cashflows: The amendment is presentational and will potentially require some additional analysis of Cash Flows from Financing Activities. It is assumed that this will have no material impact on the statement of accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Future Government Funding

There is a high degree of uncertainty about future levels of funding for local government. 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. The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. As the council cannot be dissolved without statutory prescription, the accounts will be prepared on a going concern basis.

Leases

The Council has examined the leases and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a financial lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate the interest and principal repayments.

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

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

Items in the Council's Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are:

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2017/18 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to March 2018. The estimate has been calculated using the Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date against the 2005 and 2010 rating lists. For the new rating list for 2017 there have been no appeals lodged, therefore we have used the Governments advice that a 4.7% provision would be a reasonable estimate for 2017/18 appeals.

Property Plant and Equipment

Property assets are included on the basis of a review based valuation and assessed useful lives undertaken on 31 March 2018. Where possible the valuer has avoided applying indices to calculate the 31 March valuation.

The assessment of useful lives is subject to revision and the valuation would therefore be expected to change accordingly. The carrying value of these long term assets at the end of the reporting period was

£25.206m (£20.974m 2016/17).

The impact of a change in valuation or useful life as at 31 March 2018 would affect the carrying value of the asset in the balance sheet and the subsequent charge for depreciation or impairment in the CIES.

Surplus Assets have been valued in accordance with IFRS13, at Fair Value, based on an estimate of the price at which a market transaction would take place between market participants for best use of the asset.

In valuing assets at fair value critical judgements have to be made including considerations such as uncertainty and risk. However, any significant changes in the assumptions could affect the fair value of surplus and investment asset carrying values on the balance sheet.

With regard to fair value estimates, where Level 1 inputs are not available, the Council employs RICS qualified valuers (Wilks, Head & Eve) to identify the most appropriate valuation techniques to determine fair value. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters.

Pensions Liability

The estimation of the net liability to pay pensions depends on a number of 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 by Lincolnshire County Council, the administering authority for the Local Government Pension Scheme, to provide expert advice about the assumptions to be applied. During 2017/18 the Council's Actuaries advised that the net pension liability had increased by £0.3m. The table below illustrates the potential financial impact of changes in the specific assumptions applied by the Actuary in future years:

Pensions Liability Sensitivity to changes in assumptions

Sensitivity Analysis Change in Assumptions at 31 March 2018	Approx. % increase to Employer Liability	Approx. monetary amount £'000
0.5% decrease in Real Discount Rate	9	8,098
0.5% increase in Salary Increase Rate	1	1,149
0.5% in the Pension Increase Rate	8	6,847

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes the Actuary has estimated that a one year increase in life expectancy would approximately increase the Employer Liability by around 3-5%.

A full valuation of the Pension Scheme was undertaken during 2016/17, as at 31st March 2016.

Arrears

At 31st March 2018 the Council had arrears of £7.549m outstanding mainly in respect of sundry debtors, Business Rates and housing benefit overpayments debtors. A review of balances outstanding and recovery performance has resulted in an impairment allowance of £1.603m. However, if collection rates were to deteriorate additional allowance would be required.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

For the purpose of this disclosure note the Council considers material items to be those greater than £750k. In 2017/18 the Council has two items of material income or expense to disclose.

Acquisition of the Former Lidl Site in Gainsborough for regeneration	£800,000
Acquisition of Hotel in Keighley classified as an investment Property	£2,350,000

6. EVENTS AFTER REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Director of Resources (S151 Officer) on 31 May 2018. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June 2016 the European Union (EU) referendum took place and the people of the UK voted to leave the EU. Article 50 of the EU was invoked in March 2017, this provides a 2 year window for exit negotiations. Until these negotiations are concluded the UK remains a full member of the EU and all rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of the exit negotiations will determine what arrangements apply in relation to EU legislation and funding in the future once the UK has left the EU. The United Kingdom is scheduled to exit the EU by March 2019.

From April 2018 the Council will be providing part of a Wellbeing Service across Lincolnshire in partnership with East Lindsey District Council, North Kesteven District Council and City of Lincoln Council. The whole contract is worth £3.3m over the next 5 years and is funded by Lincolnshire County Council.

The Council has entered into a Development Partnership for Gainsborough. This partnership will deliver housing, leisure and regeneration within the town and will require significant capital investment.

These events are non-adjusting for which no estimate of its financial effect on the reporting entity has been made.

7. 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 service clusters. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2016/17 (restated)				2017/18		
Net Expenditure Chargeable to General Fund £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the Comprehensive Income & Expenditure £'000		Net Expenditure Chargeable to General Fund £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the Comprehensive Income & Expenditure £'000
5,589	563	6,152	People	5,311	1,118	6,429
1,771	1,065	2,836	Places	1,937	140	2,077
4,198	(72)	4,126	Policy and Resources	4,401	104	4,505
11,558	**1,556**	**13,114**	**Net Cost of Services**	11,649	1,362	**13,011**
(12,168)	188	(11,980)	Other Income and Expenditure	(10,026)	(1,397)	(11,423)
(610)	**1,744**	**1,134**	**(Surplus) or Deficit**	**1,623**	**(35)**	**1,588**
(17,562)			Opening General Fund Balance 31 March	(18,172)		
			(Less)/Plus			
(610)			(Surplus) or Deficit in Year	1,623		
(18,172)			**Closing General Fund Balance 31 March**	**(16,549)**		

7a. NOTE TO THE EXPENDITURE AND FUNDING ANALYSISAND 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 for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustment (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total Adjustments £'000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustment (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total Adjustments £'000
356	216	(9)	**563**	People	332	778	8	**1,118**
979	95	(9)	**1,065**	Places	(168)	309	(1)	**140**
152	(248)	24	**(72)**	Policy and Resources	435	(329)	(2)	**104**
1,487	**63**	**6**	**1,556**	**Net Cost of Services**	**599**	**758**	**5**	**1,362**
(1,205)	1,011	382	**188**	Other income and expenditure from the Funding Analysis	(1,028)	955	(1,324)	**(1,397)**
282	**1,074**	**388**	**1,744**	**Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services**	**(429)**	**1,713**	**(1,319)**	**(35)**

NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

1) Adjustments for Capital Purposes

The adjustments for capital purposes column adds in depreciation and impairment and revaluation gains and losses in the services line for:

- **Other Operating Expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets
- **Financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions and deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2) Net change for the pensions' adjustments

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

- **For services** this represents the removal of the employer pension contributions made by the council as allowed by statute and the replacement with current service costs and past service costs.

- For **Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

3) Other Statutory Adjustments

Other statutory adjustments 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 statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and

- The charge under **Taxation and non-specific grants 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. SEGMENTAL INCOME

Income received on a segmental basis is analysed below:

2016/17 **Income from Services £'000**		**2017/18** **Income from Services £'000**
(1,939)	People	(1,942)
(2,179)	Places	(2,416)
(43)	Policy & Resources	(134)
(4,161)	**Total**	**(4,492)**

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2017/18					
Expenditure/Income	**People £'000**	**Places £'000**	**Policy & Resources £'000**	**Corporate Amounts £'000**	**Total £'000**
Expenditure					
Employee benefits expenses	5,731	2,107	3,136	0	**10,974**
Other services expenses	24,423	2,213	1,110	0	**27,746**
Depreciation, amortisation, impairment	1,128	212	435	0	**1,775**
Interest payments	0	0	0	2,203	**2,203**
Precepts and levies	0	0	0	2,211	**2,211**
Disposal of assets	0	0	0	792	**792**
Total Expenditure	**31,282**	**4,532**	**4,681**	**5,206**	**45,701**
Income					
Fees, charges and other service income	(1,942)	(2,416)	(134)	0	**(4,492)**
Interest & investment income	0	0	0	(1,526)	**(1,526)**
Income from Council Tax, Non-Domestic Rates, district rate income	0	0	0	(11,735)	**(11,735)**
Government grants & contributions	(22,911)	(39)	(42)	(3,368)	**(26,360)**
Total Income	**(24,853)**	**(2,455)**	**(176)**	**(16,629)**	**(44,113)**
(Surplus) or Deficit on the Provision of Services	**6,429**	**2,077**	**4,505**	**(11,423)**	**1,588**

The Council's expenditure and income is analysed as follows

(Restated to reflect the council's new management structure) :

RESTATED 2016/17					
Expenditure/Income	**People £'000**	**Places £'000**	**Policy & Resources £'000**	**Corporate Amounts £'000**	**Total £'000**
Expenditure					
Employee benefits expenses	5,239	1,762	2,834	0	**9,835**
Other services expenses	25,444	2,441	1,195	0	**29,080**
Depreciation, amortisation, impairment	840	979	152	0	**1,971**
Interest payments	0	0	0	2,490	**2,490**
Precepts and levies	0	0	0	1,949	**1,949**
Disposal of assets	0	0	0	404	**404**
Total Expenditure	**31,523**	**5,182**	**4,181**	**4,843**	**45,729**
Income					
Fees, charges and other service income	(1,939)	(2,178)	(43)	0	**(4,160)**
Interest & investment income	0	0	0	(1,657)	**(1,657)**
Income from Council Tax, Non-Domestic Rates, district rate income	0	0	0	(10,513)	**(10,513)**
Government grants & contributions	(23,432)	(168)	(12)	(4,653)	**(28,265)**
Total Income	**(25,371)**	**(2,346)**	**(55)**	**(16,823)**	**(44,595)**
(Surplus) or Deficit on the Provision of Services	**6,152**	**2,836**	**4,126**	**(11,980)**	**1,134**

10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Usable reserves			
2017/18 Adjustments between accounting basis & funding basis under regulations	**General Fund Balance £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied Account £'000**	**Movement in Useable Reserves £'000**
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Pension Costs (transferred to (or from) the Pensions Reserve)	(1,713)	0	0	**1,713**
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	1,324	0	0	**(1,324)**
Holiday pay transferred to the Accumulated Absences Reserve	(5)	0	0	**5**
Reversal of Entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,891)	0	0	**1,891**
Total Adjustments to Revenue Resources	**(2,285)**	**0**	**0**	**2,285**
Adjustments between Revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserve	187	(187)	0	**0**
Repayment of Loan Principal	0	(295)	0	**295**
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	96	0	0	**(96)**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,786	0	0	**(1,786)**
Total Adjustments between Revenue and Capital Resources	**2,069**	**(482)**	**0**	**(1,587)**
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	344	0	**(344)**
Capital grants and contributions unapplied credited to the CIES	251	0	(251)	**0**
Use of Capital Receipts Reserve to finance statutory provision on loans funded by borrowing	0	18	0	**(18)**
Application of capital grants to finance capital expenditure	0	0	36	**(36)**
Total Adjustments to Capital Resources	**251**	**362**	**(215)**	**(398)**
Total Adjustments	**35**	**(120)**	**(215)**	**300**

	Usable reserves			
2016/17 Adjustments between accounting basis & funding basis under regulations	**General Fund Balance £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied Account £'000**	**Move-ment in Usable Reserves £'000**
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Pension Costs (transferred to (or from) the Pensions Reserve)	(1,075)	0	0	**1,075**
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	(381)	0	0	**381**
Holiday pay transferred to the Accumulated Absences Reserve	(6)	0	0	**6**
Reversal of Entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,488)	0	0	**2,488**
Total Adjustments to Revenue Resources	**(3,950)**	**0**	**0**	**3,950**
Adjustments between Revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserve	167	(167)	0	**0**
Repayment of Loan Principal	0	(155)	0	**155**
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	218	0	0	**(218)**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,484	0	0	**(1,484)**
Total Adjustments between Revenue and Capital Resources	**1,869**	**(322)**	**0**	**(1,547)**
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	405	0	**(405)**
Capital grants and contributions unapplied credited to the CIES	337	0	0	**(337)**
Use of Capital Receipts Reserve to finance statutory provision on loans funded by borrowing	0	5	0	**(5)**
Application of capital grants to finance capital expenditure	0	0	323	**(323)**
Total Adjustments to Capital Resources	**337**	**410**	**323**	**(1,070)**
Total Adjustments	**(1,744)**	**88**	**323**	**1,333**

11. MOVEMENT IN EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back to Earmarked Reserves to meet General Fund expenditure in 2017/18.

	Balance at 31 March 2016 £'000	Transfer out 2016/17 £'000	Transfer in 2016/17 £'000	Balance at 31 March 2017 £'000	Transfer out 2017/18 £'000	Transfer in 2017/18 £'000	Balance at 31 March 2018 £'000
Business improvement & Transformation	**530**	(312)	188	**406**	(123)	750	**1,033**
Budget Smoothing	**1,190**	(359)	250	**1,081**	(1,434)	507	**154**
Capital Programme Financing	**1,189**	(870)	0	**319**	0	0	**319**
Community Grant/Support Schemes	**683**	(433)	375	**625**	(389)	2	**238**
Contingencies Fund	**729**	(33)	0	**696**	(240)	253	**709**
Investment for Growth Fund	**3,228**	(699)	3,240	**5,769**	(1,533)	1,743	**5,979**
Invest to Earn	**992**	(461)	21	**552**	(38)	0	**514**
Invest to Save	**602**	(138)	22	**486**	(300)	36	**222**
Maintenance of Facilities	**812**	(361)	54	**505**	(313)	312	**504**
Members Initiative Fund	**108**	(31)	0	**77**	(36)	0	**41**
Property Asset Fund	**854**	(44)	0	**810**	0	15	**825**
Regeneration Growth Fund	**428**	(211)	115	**332**	(68)	0	**264**
Revenue Grants Unapplied	**421**	(209)	223	**435**	(134)	263	**564**
Service Investment	**347**	(46)	94	**395**	(132)	168	**431**
Waste Management Fund	**1,734**	(988)	100	**846**	(258)	250	**838**
Total	**13,847**	**(5,195)**	**4,682**	**13,334**	**(4,998)**	**4,299**	**12,635**

Reserve Name	Purpose
Business Improvement & Transformation	To assist with costs associated with Business Case development for transformational change
Budget Smoothing	To effectively manage cyclical budget issues i.e. Elections, Local Development Framework etc.
Capital Programme Financing	Grants and contributions received in advance for financing capital expenditure and funding set aside to finance the capital programme
Community Grants/Support Schemes	To support area management and community engagement and help leveraging funding.
Contingencies Fund	Provision of support to vulnerable communities
Investment for Growth Fund	To support areas of volatility i.e. NNDR appeals, insurance
Invest to Earn Reserve	To support regeneration and growth schemes
Invest to Save Reserve	To support efficiency projects to provide a positive net over payback over the Medium Term Financial Strategy
Members Initiative Fund	To provide Members with funding to issue small grants to community projects
Maintenance of Facilities	To meet future property maintenance requirements
Property Assets Fund	To support strategic property/housing policies
Regeneration Growth Fund	To support local business growth and housing regeneration
Revenue Grants Unapplied	Revenue grants which have yet to be expended
Service Improvement	To support service development initiatives, including IT upgrades
Waste Management Fund	To support strategic service development and replacement vehicle programme

12. OTHER OPERATING EXPENDITURE

2016/17 £'000		2017/18 £'000
1,610	Parish Council Precepts	1,867
339	Levies	344
404	(Gains)/Losses on the disposal of non- current assets	792
2,353	**Total**	**3,003**

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2016/17 £'000		2017/18 £'000
17	Interest payable and similar charges	7
1,011	Net interest on the net defined benefit liability/(asset)	955
(290)	Interest receivable and similar income	(273)
95	Income and Expenditure in relation to investment properties and changes in their fair value	(12)
833	**Total**	**677**

14. TAXATION AND NON SPECIFIC GRANT INCOME AND EXPENDITURE

2016/17 £'000		2017/18 £'000
(7,384)	Council tax income	(7,815)
(3,129)	Non Domestic Rates Income and Expenditure	(3,920)
(4,632)	Non ring-fenced Government Grants	(3,368)
(21)	Capital grants and contributions	0
(15,166)	**Total**	**(15,103)**

15. PROPERTY PLANT AND EQUIPMENT

Movements in 2017/18	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
Cost or Valuation at April 2017	14,082	5,329	377	106	4,545	83	**24,522**
Additions	380	282	0	0	854	296	**1,812**
Revaluation increase/(decrease) recognised in the Revaluation Reserve	1,460	0	0	0	2,399	10	**3,869**
Revaluation increase/(decrease) recognised in the(Surplus)/Deficit on the Provision of Services	445	0	0	0	(67)	0	**378**
Derecognition - Disposals	0	(432)	0	0	(24)	0	**(456)**
Derecognition - Other	(762)	(110)	0	0	0	(38)	**(910)**
Assets reclassified (to)/from held for Sale	(92)	0	0	0	(300)	(50)	**(442)**
Other movements in cost or valuation	(65)	0	0	0	65	(15)	**(15)**
At 31 March 2018	**15,448**	**5,069**	**377**	**106**	**7,472**	**286**	**28,758**
Accumulated Depreciation & Impairment At April 2017	(1)	(3,449)	(98)	0	0	0	(3,548)
Depreciation charge	(259)	(527)	(9)	0	(8)	0	(803)
Depreciation written out to the Revaluation Reserve	162	0	0	0	3	0	165
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	73	0	0	0	7	0	80
Derecognition - Disposals	0	432	0	0	0	0	432
Derecognition - Other	22	100	0	0	0	0	122
Other Movements in Cost or Valuation	2	0	0	0	(2)	0	0
At 31 March 2018	**(1)**	**(3,444)**	**(107)**	**0**	**0**	**0**	**(3,552)**
Net Book Value							
At 31 March 2018	**15,447**	**1,625**	**270**	**106**	**7,472**	**286**	**25,206**
At 31 March 2017	**14,081**	**1,880**	**279**	**106**	**4,545**	**83**	**20,974**

Comparative Movements in 2016/17	**Other Land & Buildings £'000**	**Vehicles, Plant, Furniture & Equipment £'000**	**Infrastructure Assets £'000**	**Community Assets £'000**	**Surplus Assets £'000**	**Assets Under Construction £'000**	**Total Property, Plant & Equipment £'000**
Cost or Valuation at April 2016	14,476	5,140	376	104	3,753	71	**23,920**
Additions	260	1,228	0	0	0	42	**1,530**
Revaluation increase/(decrease) recognised in the Revaluation Reserve	(281)	0	0	0	1,150	0	**869**
Revaluation increase/(decrease) recognised in the(Surplus)/Deficit on the Provision of Services	(397)	0	0	0	21	0	**(376)**
Derecognition - Other	0	(1,002)	0	0	(382)	0	**(1,384)**
Other movements in cost or valuation	24	(37)	1	2	3	(30)	**(37)**
At 31 March 2017	**14,082**	**5,329**	**377**	**106**	**4,545**	**83**	**24,522**
Accumulated Depreciation & impairment At April 2016	(1)	(3,969)	(89)	0	1	0	**(4,058)**
Depreciation charge	(265)	(475)	(9)	0	(8)	0	**(757)**
Depreciation written out to the Revaluation Reserve	192	0	0	0	0	0	**192**
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	73	0	0	0	7	0	**80**
Derecognition - Other	0	995	0	0	0	0	**995**
At 31 March 2017	**(1)**	**(3,449)**	**(98)**	**0**	**0**	**0**	**(3,548)**
Net Book Value							
At 31 March 2017	**14,081**	**1,880**	**279**	**106**	**4,545**	**83**	**20,974**
At 31 March 2016	**14,475**	**1,171**	**287**	**104**	**3,754**	**71**	**19,862**

Depreciation

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

Other Land and Buildings: 20-60 years

Vehicles, Plant, Furniture and Equipment: 1-11 years

Infrastructure: 20-31 years

Surplus: 39-40 years

Capital Commitments

At 31 March 2018 the Council had no outstanding commitments for capital schemes. (2016/17 £NIL)

Effects of Changes in Estimates

There have been no major changes in relation to estimated asset life, residual asset values, depreciation method or disposal costs in 2017/18 that would have a material effect.

Revaluations

The Council carries out a full revaluation of its property portfolio every five years. The last full revaluation was carried out on 31 March 2014. In the intervening years a valuation review is carried out. Valuations were carried out as at 31 March 2018 by appointed valuers, Wilks, Head and Eve LLP in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on depreciated replacement cost with an annual impairment review.

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical Cost	0	1,626	0	661	**2,287**
Valued at Current Value as at 31 March 2018	15,447	0	7,472	0	**22,919**
Total Cost or Valuation	**15,447**	**1,626**	**7,472**	**661**	**25,206**

The significant assumptions applied in estimating the current values are:

a. no allowance has been made for liability of taxation upon disposal;

b. the instant build approach has been used for Depreciated Replacement Cost valuations;

c. valuations have been provided at gross cost and do not include an allowance for purchasers cost;

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

e. that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;

f. that an inspection of those parts not inspected would not reveal defects that would affect the valuation;

g. that the testing of electrical or other services would not reveal defects that would cause the valuation to alter;

h. that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

Assets Valued at Fair Value

With regard to assets valued at fair value, no assets within the portfolio are classed at Level 1 in the fair value hierarchy i.e. unadjusted prices in active markets for identical assets.

For the remaining assets the majority are classed at Level 2 i.e. quoted prices that are observable for the asset with adjustments being made based on perhaps location and condition.

The valuations have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Level 3 inputs comprise unobservable inputs for an asset used to measure fair value in circumstances where market data is not available as there is little, if any, market activity for the asset at the measurement date.

There are four assets that are assessed at Level 3 i.e. where unobservable inputs have been used to measure fair value.

Pavilion at Sandsfield Lane, Gainsborough (Balance Sheet value £0.026m) has been based on a comparable approach either by estimated market rental values as the majority of these assets are let at sub- market or subsidised passing rents. The valuer has had to draw on a number of his own assumptions and utilised third party resources in order to value these assets.

Two oil well sites plus an aggregate site (total Balance Sheet Value £0.217m) have been based on known and estimated cash flows from the properties. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

For level 3 assets the following quantitive data shows the effect on their fair value measurement.

Asset	Valuation technique used to measure fair value	Unobservable Inputs	Range	Sensitivity
Oil Well Site	Adopting the expected cash flows from the properties	Yields	4% - 9%	Changes in income, yields, term length will result in a lower or higher fair value
Aggregate Site	Adopting the expected cash flows from the properties	Yields	4% - 9%	Changes in income, yields, term length will result in a lower or higher fair value
Pavillions	Comparative based on limited rental evidence	Rental Value Yeilds	£10 - £50 p/sq m 10% - 14%	Changes in rental growth, yields, occupancy will result in a lower or higher fair value

16. INVESTMENT PROPERTIES

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

2016/17 £'000		2017/18 £'000
164	Balance at start of year:	164
0	Purchases	2,490
93	Additions	0
(93)	Net gain/Loss from fair value adjustments	(63)
164	**Balance at End of the year**	**2,591**

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.

2016/17 £'000		2017/18 £'000
0	Rental income from investment property	(80)
2	Direct operating expenses arising from Investment property	6
2	**Net Gain/Loss**	**(74)**

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

Fair Value Hierarchy

As at 31 March 2018 the Council holds two properties classed as investment properties. Both properties are categorised within Level 2 of the fair value hierarchy i.e. based on observable inputs for the asset. There have been no investment properties transferred from or to any of the other hierarchy groups. Accounting policy xxiv includes details of how assets based on fair value are valued. For assets within Level 2 observable inputs for the asset either directly or indirectly are used.

Details of the Councils investment properties and information about the fair value hierarchy as at 31 March are as follows:

2016/17 £'000		2017/18 £'000
164	Commercial Retail Units	164
0	Hotel	2,427
164	**Fair Value as at 31 March**	**2,591**

17. FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 2017 £'000	**31 March 2018 £'000**	**31 March 2017 £'000**	**31 March 2018 £'000**
Financial Assests Classified as Loans and receivables:				
Investments	0	0	9,531	3,002
Short-term deposits with money Market Funds	0	0	7,104	9,205
Operational Debtors	0	0	518	626
Loans and Receivables	180	828	167	14
Available for Sale Financial Assets	2,183	3,272	0	0
Cash at bank	0	0	117	174
Total Financial assets Classified as Loans and Receivables	**2,363**	**4,100**	**17,437**	**13,021**
Financial Liabilities Classified at Amortised Cost:				
Finance Lease Liabilities	32	0	96	31
Operational Creditors	0	0	863	917
Provisions	11	14	917	921
Total Financial liabilities Classified at Amortised Cost	**43**	**14**	**1,876**	**1,869**

Material Soft Loans Made by the Council

The Council has not made any soft loans, employee car loans, or reclassifications during the financial year.

Income, Expense, Gains and Losses

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

2016/17 £'000	2016/17 £'000	2016/17 £'000		2017/18 £'000	2017/18 £'000	2017/18 £'000
Financial Liabilities Measured at Amortised Cost	**Financial Assets: Loans & Receivables**	**Total**		**Financial Liabilities Measured at Amortised Cost**	**Financial Assets: Loans & Receivables**	**Total**
17	0	**17**	Interest Expense	7	0	**7**
0	0	**0**	Impairment Loss	0	0	**0**
17	0	**17**	**Total Expense in (Surplus) or Deficit on the Provision of Services**	**7**	**0**	**7**
0	(290)	**(290)**	Interest Income	0	(273)	**(273)**
0	**(290)**	**(290)**	**Total Income in (Surplus) or Deficit on the Provision of Services**	**0**	**(273)**	**(273)**
17	**(290)**	**(273)**	**Net (gain)/loss for the year**	**7**	**(273)**	**(266)**

Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed 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 loans receivable prevailing benchmark market rates,
- no early repayment or impairment is recognised,
- where an instrument will mature in the next 12 months or is a trade or other receivable the fair
- value is taken to be the carrying amount or the billed amount,
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.
- Available for Sale Financial Assets were valued under input level 1 in the fair value hierarchy. There have been no changes in the Fair Value Hierarchy in 2017/18

The fair values calculated as at 31 March are as follows:

2016/17 £'000 Carrying Amount	2016/17 £'000 Fair Value		2017/18 £'000 Carrying Amount	2017/18 £'000 Fair Value
9,531	9,531	Investments	3,002	3,002
2,183	2,161	Available for Sale Financial Assets	3,090	3,272
346	286	Loans and Receivables	842	819
(128)	(145)	Finance Lease Liabilities	(31)	(31)
(863)	(863)	Short Term Creditors	(917)	(917)

18. DEBTORS

2016/17 £'000		2017/18 £'000
1,430	Central Government Bodies	2,194
742	Other Local Authorities	405
0	NHS Bodies	0
1,775	Other Entities and Individuals	1,991
0	Trade	218
159	Prepayments	194
4,106	**Total**	**5,002**

19. CASH AND CASH EQUIVALENTS

2016/17 £'000		2017/18 £'000
1	Cash held by the Council	1
117	Bank Current Accounts	174
7,104	Short-term Deposits	9,205
7,222	**Total**	**9,380**

20. CREDITORS

2016/17 £'000		2017/18 £'000
181	Central Government Bodies	857
884	Other Local Authorities	801
0	NHS Bodies	0
1,177	Other Entities and Individuals	1,814
2,242	**Total**	**3,472**

21. PROVISIONS

	Outstanding Legal Cases £'000	Injury & damage Compensation Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2017	**0**	**(11)**	**(776)**	**(141)**	**(928)**
Additional provisions made in year	0	(14)	(402)	(143)	**(559)**
Unused amounts reversed in year	0	11	241	140	**392**
Amounts used in year	0	0	161	0	**161**
Balance at 31 March 2018	**0**	**(14)**	**(776)**	**(144)**	**(934)**

22. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and also in Note 10.

23. UNUSABLE RESERVES

2016/17 £'000	SUMMARY	2017/18 £'000
(9,117)	Revaluation Reserve	(12,310)
(11,368)	Capital Adjustment Account	(12,303)
36,382	Pensions Reserve	36,682
1,216	Collection Fund Adjustment Account	(108)
(113)	Available for Sale Financial Instruments Reserve	(181)
139	Accumulated Absences Account	144
17,139	**Total Unusable Reserves**	**11,924**

Revaluation Reserve

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

- re-valued 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.

2016/17 £'000	SUMMARY	2017/18 £'000
(8,528)	**Balance at 1 April**	(9,117)
(1,222)	Upward revaluations of assets	(4,548)
153	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	514
(1,069)	**(Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services**	**(4,034)**
98	Difference between fair value depreciation and historical cost depreciation	94
382	Accumulated gains on assets sold or scrapped	747
480	**Amount written off to the Capital Adjustment Account**	**841**
(9,117)	**Balance at 31 March**	**(12,310)**

Capital Adjustment Account

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

The account also contains accumulated gains and losses on Investment Properties.

The account also 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 10 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2016/17 £'000	SUMMARY	2017/18 £'000	2017/18 £'000
(10,759)	**Balance at 1 April**		**(11,368)**
	Reversal of items relating to capital expenditure debited or credited to the CIES		
759	Charges for depreciation and impairment of non-current assets	804	
296	Revaluation losses on Property, Plant and Equipment	(458)	
47	Amortisation of intangible assets	53	
869	Revenue expenditure funded from capital under statute	1,376	
424	Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	810	
2,395			**2,585**
(480)	Adjusting amounts written out of the Revaluation Reserve		(841)
1,915	**Net written out amount of the cost of non-current assets consumed in the year**		**1,744**
	Capital Financing Applied in the year:		
(405)	Use of Capital Receipts Reserve to finance new capital expenditure	(344)	
(337)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(757)	
(323)	Applications of grants to capital financing from the Capital Grant Unapplied Account	(36)	
(218)	Statutory provision for the financing of capital investment charged against the General Fund balance	(96)	
(5)	Statutory provision charged against Capital Receipts Reserve for the repayment of loans funded by borrowing	(18)	
155	Loan Principal Repaid	295	
(1,484)	Capital expenditure charged against the General Fund balance	(1,786)	
(2,617)			**(2,742)**
93	Movement in market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement		63
(11,368)	**Balance at 31 March**		**(12,303)**

Pensions Reserve

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

2016/17 £'000	Pensions Reserve	2017/18 £'000
28,876	**Balance at 1 April**	**36,382**
6,431	Remeasurement of the net defined benefit liability/(asset)	(1,413)
2,500	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of services in the CIES	3,433
(1,425)	Employee pensions contributions and direct payments to pensioners payable in year	(1,720)
36,382	**Balance at 31 March**	**36,682**

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 Council Tax payers and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2016/17 £'000	Collection Fund Adjustment Account	2017/18 £'000
835	**Balance at 1 April**	**1,216**
381	Amount by which Council Tax and Non-Domestic rating income credited to the CIES is different from Council Tax and Non-Domestic rating income calculated for the year in accordance with statutory requirements	(1,324)
1,216	**Balance at 31 March**	**(108)**

Available For Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost

- disposed of and the gains are realised

2016/17 £'000	Available for Sale Financial Instruments	2017/18 £'000
(146)	**Balance at 1 April**	**(113)**
33	(Upward)/Downward revaluation of Instruments	(68)
(113)	**Balance at 31 March**	**(181)**

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.

2016/17 £'000	Pensions Reserve	2017/18 £'000
133	**Balance at 1 April**	**139**
(133)	Settlement or cancellation of accrual made at the end of the preceding year	(139)
139	Amounts accrued at the end of the current year	144
6	**Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements**	**5**
139	**Balance at 31 March**	**144**

24. MEMBERS' ALLOWANCES

The following amounts were paid to Members of the Council during the year.

2016/17 £'000	Members' Allowances	2017/18 £'000
189	Basic Allowance	192
59	Special Responsibility	63
29	Expenses	26
277	**Total expenditure**	**281**

25. OFFICERS' REMUNERATION

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

Post Title		Salary, Fees, Allowances & Compensation for Loss of Office £	Pensions Contributions £	TOTAL £
Chief Executive (Left 07/07/2017)	**2017/18**	**145,148**	**8,605**	**153,753**
	2016/17	106,050	23,463	129,513
Executive Director of Operations (previously Chief Operating Officer to 22/01/2018)	**2017/18**	**89,454**	**22,878**	**112,332**
	2016/17	82,416	18,234	100,650
Executive Director of Resources (S151) (previously Director of Resources (S151 to 22/01/2018)	**2017/18**	**89,454**	**22,878**	**112,332**
	2016/17	82,416	18,234	100,650
Commercial Director (Post removed 31/12/2016)	**2017/18**	**0**	**0**	**0**
	2016/17	65,231	14,328	79,559
Strategic Lead Governance & People (Monitoring Officer) (Previously Strategic Lead Democratic & Business Support (Monitoring Officer) to 22/01/2018)	**2017/18**	**68,981**	**17,443**	**86,424**
	2016/17	65,600	14,169	79,769
Executive Director Economic & Commercial Growth (previously Economic & Commercial Growth Director to 22/01/2018)	**2017/18**	**88,882**	**22,144**	**111,026**
	2016/17	22,782	3,470	26,252

A senior management review was effective from 23 January 2018, with the Chief Executive post being disestablished and the role responsibilities allocated between the three Directors.

There were no taxable expenses allowances, other payments or bonus payments made to senior members of staff in 2016/17 or 2017/18.

The number of Council's employees (including senior officers) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions but including redundancy payments for loss of office) were paid the following amounts:

Number of Employees 2016/17	Remuneration Band	Number of Employees 2017/18
1	£50,000 to £54,999	4
0	£55,000 to £59,999	0
4	£60,000 to £64,999	3
2	£65,000 to £69,999	1
0	£70,000 to £74,999	0
0	£75,000 to £79,999	0
3	£80,000 to £84,999	0
0	£85,000 to £89,999	3
0	£90,000 to £94,999	0
0	£95,000 to £99,999	0
0	£100,000 to £104.999	0
1	£105,000 to £109,999	0
0	£110,000 to £114,999	0
0	£115,000 to £119,999	0
0	£120,000 to £124,999	0
0	£125,000 to £129,999	0
0	£130,000 to £134,999	0
0	£135,000 to £139,999	0
0	£140,000 to £144,999	0
0	£145,000 to £149,999	1
11	**Total**	**12**

The number of exit packages with total cost per band and total cost of other compulsory and other redundancies for the Council in 2017/18 are set out in the table below:

Exit Package Cost band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit packages by Cost Band		Total Cost of Exit Packages in each Band	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
£0- £20,000	9	3	2	0	11	3	113,961	13,199
£20,001 -40,000	0	4	1	0	1	4	25,250	114,975
£40,001 -60,000	0	0	0	0	0	0	0	0
£60,001 - 80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	1	0	1	0	80,333
Total	**9**	**7**	**3**	**1**	**12**	**8**	**139,211**	**208,507**

26. EXTERNAL AUDIT COSTS

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

2016/17 £'000		2017/18 £'000
43	Fees payable to the External Audit with regard to external audit services carried out by the appointed auditor for the year	43
6	Fees payable to the External Audit for the certification of grant claims and returns for the year	4
5	Fees payable in respect of other services provided by the External Audit during the year	4
54	**Total**	**51**

27. GRANT INCOME

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

2016/17 £'000		2017/18 £'000
	Credited to Taxation and non Specific Grant Income:	
1,388	Department of Communities & Local Government - Revenue Support Grant	761
3,767	Business rate Retention Scheme	3,909
2,487	Department of Communities & Local Government - New Homes Bonus	1,896
21	Capital Grants & Contributions	0
757	Other Grants & Contributions	711
8,420	**Total Non Specific Grant Income**	**7,277**
	Credited to Services, Revenue Related:	
22,546	Department of Work & Pensions - Housing Benefit Allowance	21,503
337	Department of Communities & Local Government - Disabled Facilities Grants	659
307	Department of Work & Pensions - Housing Benefits Administration Grants	282
52	Homes & Communities Agency - Housing Action Zone	0
156	Department of Communities & Local Government - Universal Credit	89
256	Other Grants & Contributions	992
23,654	**Total Credited to Service**	**23,525**

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that require the monies or property to be returned to the giver. The balances are included as current liabilities on the Balance Sheet and at year end are as follows.

2016/17 £'000		2017/18 £'000
	Capital grants receipts in advance:	
853	S106 Agreements	874
	Revenue grants receipts in advance:	
24	Portas Pilot (Mr Big)	24
877	**Total**	**898**

28. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which there exists the possibility that 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.

All Members and senior officers have been required to complete a related party declaration identifying the organisations with which they (and/or their closest family members) have influence and/or control, and which may have a related party interest with the Council.

UK Central Government

The UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from Government Departments are set out in the analysis in Note 27.

Councillors

Councillors have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 24.

During 2017/18, 12 Councillors and 3 spouses/family members declared a related party interest with regard to being either a director or partner or having an interest in a company or organisations. However, no material transactions occurred between the Council and these organisations (companies or other bodies) in which Councillors had control/influence. The Council paid levies and service costs of £0.308m to four Internal Drainage Boards where Councillors represented the Council, specifically; Witham 3rd IDB (3 councillors, £0.186m), Scunthorpe and Gainsborough Water Management Board (3 councillors, £0.058m), Upper Witham IDB (2 councillors, £0.045m), Ancholme IDB (1 councillor,

£0.019m). In addition, the Council paid grants totalling £0.111m to voluntary organisations in which councillors have a position on the governing body. The relevant councillors did not take part in any discussion or decision relating to the grants. The Register of Members' Interest is available to be viewed on the Council's website.

https://www.west-lindsey.gov.uk/

Senior Officers

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation. One officer is a trustee of Community Lincolnshire and a payment of £0.050m was made by the Council to the organisation. The previous Chief Executive was Director of the Council's companies WLDC Staffing Services Ltd, Surestaff Ltd and WLDC Trading Ltd until 08/07/2017. From 08/07/2017 the Executive Director of Operations for West Lindsey District Council became the Director for WLDC Staffing Services Ltd, Surestaff Limited and WLDC Trading Ltd. The Executive Director of Economic and Commercial Growth continues as a Director of Market Street Renewal Ltd

Other Pubic Bodies (Subject to Common Control by UK Central Government)

The Council has determined that material transactions have occurred with the following parties:

Lincolnshire County Council

Pension Fund as disclosed in Note 31

Preceptor as disclosed in the Collection Fund.

A number of Members of the Council are also elected Members of Lincolnshire County Council.

Lincolnshire Police & Crime Commissioner – preceptors as disclosed in the Collection Fund Note.

Parish Councils – a number of Members of the Council have been elected as Parish Councillors - Parish Precepts are disclosed in Note 12.

The Council has representation on the Central Lincolnshire Joint Strategic Planning Committee. Voting rights on the Committee are shared equally with the Council holding a 25% share. During 2017/18 the Council contributed £98,900 (£146,000 2016/17).

Entities Controlled or Significantly Influenced by the Council

In 2016/17 the Council acquired Surestaff (Lincs) Ltd and created a Teckal Company (WLDC Staffing Services Ltd that provides services solely to the Council) along with a holding company WLDC Trading Ltd all classed as subsidiaries in relation to the Council under group accounts, the Council being 100% shareholder of these companies. Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd were established to provide temporary operational workers but not key management personnel to the Council. The Director of the companies is Mark Sturgess, who is also the Executive Director of Operations for the Council. The Company Secretary is Tracey Bircumshaw who is also the Finance and Business Support Manager for the Council.

The Council had the following transactions with each of the companies.

Surestaff Lincs Ltd

	2016/17 £	2017/18 £
Council Received	10,696	10,550
Council Paid Out	209,782	22,000
Surestaff Share Capital	200	200
Loans Balance Brought Forward	0	15,000
Loans Issued	20,000	22,000
Less Loans Repaid	(5,000)	(7,000)
Loans Outstanding 31 March	15,000	30,000

WLDC Staffing Services Ltd

	2016/17 £	2017/18 £
Council Received	577	60
Council Paid Out	37,302	435,515
Staffing Services Share Capital	200	200
Loans Balance Brought Forward	0	15,000
Loans Issued	15,000	11,000
Loans Repaid	0	(11,000)
Loans Outstanding 31 March	15,000	15,000

WLDC Trading Ltd was created as a holding company for the purpose of governance and as such no transactions between the company and the Council have taken place.

Group Accounts have not been produced for 2017/18 incorporating the financial position of Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd.

In 2016/17 West Lindsey District Council became a shareholder of Market Street Renewal Limited. Eve Fawcett-Moralee (Executive Director of Economic and Commercial Growth for WLDC) is a Director. The company was primarily set up for the development and renovation of Market Street in Gainsborough.

The Council had the following transactions with Market Street Renewal Ltd:

Market Street Renewal Limited (MSRL)

	2016/17 £	2017/18 £
Council Received	0	0
Council Paid Out	200	455,000
MSRL Share Capital	200	200
Loans Issued	0	375,000
Loans Repaid	0	0
Loans Outstanding 31 March	0	375,000
Grants issued	0	80,000

Group Accounts for this Joint Venture would be incorporated into the accounts using the equity method which means a proportionate share of the balance sheet for the company along with the profit and loss would be brought into the Council Accounts. The Council judged that the prepartion of Group Accounts is not necessary under the Code of Practice and is of no material benefit to the users of the Statements of Accounts in understanding the Council position.

29. CAPITAL EXPENDITURE AND FINANCING

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

2016/17 £'000		2017/18 £'000
1,407	**Opening Capital Financing Requirement Capital Investment**	**1,219**
1,488	Property, Plant and Equipment	1,516
42	Assets Under Construction	296
19	Intangible Assets	70
93	Investment Properties	2,490
38	Long Term Shares Investment	0
35	Long Term Loan	784
869	Revenue Expenditure Funded from Capital Under Statute	1,376
	Sources of Finance	
(405)	Capital Receipts	(344)
(660)	Government Grants and Contributions	(793)
	Sums set aside from Revenue:	
(1,484)	Direct revenue contributions	(1,786)
(223)	Minimum Revenue Provision	(114)
1,219	**Closing Capital Financing Requirements**	**4,714**
	Explanation of Movements in Year	
(188)	Increase/(Decrease) in underlying need to borrow (unsupported by	3,495
0	Government financial assistance)	0
	Assets Acquired under Finance Leases	
(188)	**Increase/(Decrease) in Capital Financing Requirement**	**3,495**

30. LEASES

WEST LINDSEY DISTRICT COUNCIL AS LESSEE

Finance Leases

The Council acquired ten shops, in 1989 on long term leases (125 years) with all rents payable at minimal/nominal amount.

The Council acquired an Investment Property during the year for £2.490m on long term lease (219 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease

The Council also acquired 7 vehicles under finance leases between 2011 and 2015.

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

2016/17 £'000		2017/18 £'000
519	Other Land and Buildings	410
157	Vehicles, Plant, Furniture and Equipment	56
0	Investment Properties	2,427
676		**2,893**

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

2016/17 £’000		2017/18 £’000
	Finance lease liabilities (net present value of minimum lease payments):	
96	Current (Capital)	31
32	Non-Current (Capital)	0
4	Finance Costs Payable in Future Years	0
132		**31**

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

2016/17 Minimum Lease Payments £'000	2016/17 Finance Lease Liabilities £'000		2017/18 Minimum Lase Payments £’000	2017/18 Finance Lease Liabilities £’000
96	4	Not later than one year	31	0
32	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
128	**4**		**31**	**0**

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. In 2017/18 no contingent rents were payable by the Council (2016/17 £0).

The Council has sub-let the properties held under these finance leases. At 31 March 2018 the minimum payments expected to be received under non-cancellable sub-leases was £3.01m (£0.093m at 31 March 2017).

Operating Leases

The Council has entered into operating leases for printers, a depot and car park space. The future minimum lease payments due under non-cancellable leases in future years are:

2016/17 £’000		2017/18 £’000
15	Not later than one year	20
37	Later than one year and not later than five years	25
0	Later than five years	0
52		**45**

The expenditure charged to the Environmental and Regulatory Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2016/17 £'000		2017/18 £'000
23	Minimum lease payments	33
(1)	Contingent rents	(5)
22		**28**

WEST LINDSEY DISTRICT COUNCIL AS LESSOR

Finance Leases

The Council leased out three properties on finance leases in the 1980's with remaining terms in excess of 65 years. A premium was paid on commencement of the lease term, for each property with annual rents payable on a peppercorn basis. The total existing use value of the three properties at 31 March 2018 was £0 (31 March 2017 £0). The properties are themselves held by the Council on long leases. Based on the materiality of the values, the peppercorn rents and the length of the lease terms the Council has not assessed any gross investment in the leases.

Operating Leases

The Council leases out land and property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities.
- For economic development purposes to provide suitable affordable accommodation for local businesses and to bring empty properties back into use.

The net book value of these assets is £13.41m (16/17 £13.066m)

The future minimum lease payments receivable in future years are:

2016/17 £'000		2017/18 £'000
268	Not later than one year	419
649	Later than one year and not later than five years	1,237
321	Later than five years	2,318
1,238		**3,974**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18 there were no contingent rents receivable by the Council (2016/17 £0).

31. DEFINED BENEFIT PENSION SCHEME

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The Pension Fund is administered by Lincolnshire County Council who contracted the day to day administration of the fund to West Yorkshire Pension Fund (WYPF). Lincolnshire County Council continue to undertake the investment of the pension fund assets.

The key risk to the Council is the future payments that need to be made to pensioners under the defined benefit scheme and making sure these are adequately funded. Therefore, a professional Actuary is engaged by the County Council to assess the likely asset returns and future liabilities of the Council's sub fund within the overall Lincolnshire Pension Fund. The current Actuary is Hymans Robertson LLP. The following notes are based on the assumptions and reports received from the Actuary as at 31 March 2018. A full revaluation exercise is undertaken every 3 years, and this exercise was undertaken as at 31 March 2016, the next triennial review being due 31 March 2019. The 2016 valuation assessed that the council has a 66% funded scheme.

The Council can also make discretionary enhancements in accordance with its agreed policies. The additional costs resulting from historically awarding such discretions are included in the tables below.

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

- The Local Government Pension Scheme , administered locally by Lincolnshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Lincolnshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Lincolnshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Committee and are detailed in Pension Fund Annual Report and Accounts, which can be found on the Pension Fund website at www.lincolnshire.gov.uk/pensions.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and performance of the equity investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities, therefore the Council is required to meet the costs of any early retirements awarded.

Transactions Relating to Post-employment Benefits

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

2016/17 £'000	LOCAL GOVERNMENT PENSION SCHEME	2017/18 £'000
	Comprehensive Income and Expenditure Statement	
	Cost of Services	
1,430	Current Service Cost	2,381
59	Past Service Cost/(Gain)	97
	Financing and Investment Income and Expenditure	
1,011	Net Interest Expense	955
2,500	**Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services**	**3,433**
	Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
4,946	Return on plan assets (excluding the amount included in the net interest expense)	(146)
1,295	Actuarial Gains/(Losses) arising on changes in demographic assumptions	0
(12,459)	Actuarial Gains/(Losses) arising on changes in financial assumptions	1,554
(213)	Other actuarial Gains/(Losses) on assets	5
(3,931)	**Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**4,846**
	Movement in Reserves Statement	
(2,500)	Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code. (See note)	(3,433)
	Actual amount charged against the General Fund Balance for the pensions in the year	
1,338	Employers' contributions payable to the scheme	1,632
87	Retirement benefits payable to pensioners	88

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2016/17 £'000		2017/18 £'000
(84,292)	Present value of the defined benefit obligation	(85,357)
47,910	Fair value of plan assets	48,675
(36,382)	**Net liability arising from the defined benefit obligation**	**(36,682)**

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

2016/17 £'000		2017/18 £'000
42,106	**Opening fair value of scheme assets at 1 April**	**47,910**
1,462	Interest Income	1,241
	Remeasurement Gains/(Losses)	
4,946	The return on plan assets, excluding the amount included in the net interest expense	(146)
1,338	Employer Contributions	1,632
385	Contributions paid by scheme participants	394
(2,327)	Benefits paid	(2,356)
47,910	**Closing fair value of scheme assets at 31 March**	**48,675**

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

Funded Liabilities 2016/17 £'000	Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities 2017/18 £'000
70,982	**Opening balance at 1 April**	**84,292**
1,430	Current service cost	2,381
2,473	Interest cost	2,196
385	Contributions from scheme participants	394
	Remeasurement (Gains)/Losses	
(1,295)	Actuarial Gains/(Losses) arising on changes in demographic assumptions	0
12,459	Actuarial Gains/(Losses) arising on changes in financial assumptions	(1,554)
213	Other	(5)
59	Past service costs	97
(2,414)	Benefits paid	(2,444)
84,292	**Closing balance at 31 March**	**85,357**

Local Government Pension Scheme assets comprised:

2016/17 Fair Value of Scheme Assets £'000	2016/17 % of Total Assets %	Local Government Pension Scheme Asset Categories	2017/18 Fair Value of Scheme Assets £'000	2017/18 % of Total Assets %
		Equity Instruments		
5,386	11	Consumer	3,576	7
704	1	Manufacturing	2,767	6
1,242	3	Energy & Utilities	1,350	3
3,309	7	Financial Institutions	3,347	7
0	0	Health & Care	2,071	4
1,844	4	Information Technology	3,786	8
3,933	8	Other	0	0
		Debt Instruments		
4,453	9	Corporate Bonds (Investment Grade)	0	0
1,547	3	UK Government	0	0
		Private Equity		
1,106	2	All	788	2
		Real Estate		
4,359	9	UK Property	4,125	8
146	0	Overseas Property	363	1
		Investment Funds & Unit Trusts		
13,165	28	Equities	13,506	28
0	0	Bonds	5,754	12
720	2	Infrastructure	709	1
5,657	12	Other	5,938	12
		Cash & Cash Equivalents		
339	1	All	595	1
47,910	**100**	**Total Assets**	**48,675**	**100**

All scheme assets have quoted prices in open markets.

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.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been provided by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Lincolnshire County Council Fund being based on the latest formal valuation of the scheme as at 31 March 2016.

Significant Assumptions used by the Actuary

The significant assumptions used by the actuary have been:

Local Government Pension Scheme		
2016/17		**2017/18**
%	**Long Term Expected Rate of Return on Assets in the Scheme**	**%**
2.6	Equity Investments	2.7
2.6	Bonds	2.7
2.6	Property	2.7
2.6	Cash	2.7
Years	**Mortality Assumptions**	**Years**
	Longevity at 65 for current pensioners	
22.1	Men	22.1
24.4	Women	24.4
	Longevity at 65 for future pensioners	
24.1	Men	24.1
26.6	Women	26.6
%	**Long Term Expected Rate of Return on Assets in the Scheme**	**%**
2.4	Rate of Inflation	2.4
2.8	Rate of increase in salaries	2.8
2.4	Rate of increase in pensions	2.4
2.6	Rate for discounting scheme liabilities	2.7
%	**Long Term Expected Rate of Return on Assets in the Scheme**	**%**
50	Pre April 2008 service - Maximum additional tax-free cash	50
75	Post April 2008 service - Maximum tax-free cash	75

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only 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 credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis Change in Assumptions at 31 March 2018	Approx. Increase to Employer Liability %	Approx. Monetary Amount £'000
0.5% decrease in Real Discount Rate	9	8,098
0.5% increase in Salary Increase Rate	1	1,149
0.5% in the Pension Increase Rate	8	6,847

The Lincolnshire County Council fund has approved a Funding Strategy Statement (FSS), the purpose of the FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible ; and
- to take a prudent longer-term view of funding those liabilities

The objectives of the Fund's funding policy include the following:

- to ensure the long-term solvency of the Fund as a whole and the solvency of each of the notional sub-funds allocated to the individual employers or pools of employers;
- to ensure that sufficient funds are available to meet all benefits as they fall due for payment;
- not to restrain unnecessarily the investment strategy of the Fund so that the Administering Authority can seek to maximise investment returns (and hence minimise the cost of the benefits) for an appropriate level of risk;
- to help employers recognise and manage pension liabilities as they accrue, with consideration to the effect on the operation of their business where the Administering Authority considers this appropriate;
- to minimise the degree of short-term change in the level of each employers' contributions where the Administering Authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2019.

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

The Council expects to pay £1.746m in contributions in 2018/19.

The weighted average duration of the defined benefit obligation for scheme members is 17.1 years as at 31 March 2018, and are as they stood at the most recent actuarial valuation as at 31 March 2016.

32. CONTINGENT LIABILITIES

Grant Claims

The Council submits grant claims for substantial amounts each year. From time to time interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

The Council also acts as the Accountable Body for a range of grant funding that is or has been paid for the benefit of third parties. In the role of Accountable Body, the Council has to agree to the repayment of grant should there be a breach of the terms and conditions of the grant. Whilst every effort is taken to administer the grants to minimise any risk of financial loss to the Council, this risk cannot be eliminated. However, it is not possible to make a reliable forecast of any grant claw back arising from Accountable Body status.

Business Rates Appeals

The Council has made a provision for Business Rates appeals based upon its best estimates of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

Historic Planning Fees

The Council may be required to refund some historic planning fees under the refund guarantee scheme in accordance with the Planning Guarantee, as denoted by Regulation 9A of the Town and Country Planning Regulations 2013

It is not possible to quantify the number of requests yet to be lodged so there is a risk to the Council that further requests may have a future impact on the accounts.

Grant to North Street (Gainsborough) Ltd

The Council is committed to making a maximum grant payment of £1.4m towards a hotel and redevelopment project at North Street, Gainsborough. As at 31 March 2018 an amount of £1.106m still remains to be paid.

33. CONTINGENT ASSETS

Right to Buy Sharing Agreement

As with other agreed stock transfers, the Council has entered into an agreement with ACIS relating to any future sales of the transferred housing stock to existing tenants.

The Council will receive capital receipts each year up to 2028 for any properties sold. The value of the receipt is calculated using a formula that takes the net income forgone from the total proceeds from the sale of dwellings. It is difficult to ascertain how much the Council might receive but an average amount of circa £0.137m over the last 2 financial years has been received.

VAT on Postages

Historically Royal Mail postal services have been VAT exempt. Following a case by TNT against Royal Mail in April 2009 it was found that Royal Mail were too loose on their interpretation of public/universal postal services. Therefore Councils should have had the ability to recover input tax on business postal services going back to 1973.

The Councils VAT advisors are now involved in a high court Claim for Damages restitution against Royal Mail through the legal firm Mishcon De Reya. Currently over 180 Councils stand behind this claim.

In addition, a claim is being made to the HMRC for output tax on exempt charges over the past 4 years.

It is difficult to determine how much the Council might receive should the claims prove to be successful but it could be in the region of £0.220m.

Greater Lincolnshire Local Enterprise Partnership (GLLEP)

On 09 March 2017 it was confirmed that the Greater Lincolnshire Enterprise Partnership had been successful in securing £29.45m from EU funding. The Council's element of the sum has been agreed in principle at £4m towards the Gainsborough Growth Programme and £2m of funding for the Food Enterprise Zone. Business cases are currently being drawn up for both projects and it is expected that these will be completed during 2018/19. The Gainsborough Growth Progamme will cover a range of projects. It is therefore not yet clear when the actual drawdown of grant amounts will start or the grant values.

Truck Cartel

In April 2017 the European Commission published a decision on a truck cartel case in that truck manufacturers had colluded on price and emmision technologies for a period of 14 years from 1997 to 2011. This decision could have an impact for the Council in that a claim may be due relating to any trucks (mainly larger trucks such as waste collection vehicles) that the Council either purchased or leased during those years. At this stage the claim is in its infancy and it could take quite a while before the size of the claim or an outcome is known.

Grants & Contributions

The Council is embarking upon an ambitious programme of regeneration works within Gainsborough covering commercial, housing and leisure development. In addition to the delivery of a Food Enterprise Zone at Hemswell. Funding of these investments will come not only from the Councils own resources but also via grants and contributions secured from external sources. Until these are 100% confirmed it is not possible to estimate the amount of expected future grants and contributions.

34. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

The Council’s activities expose it to a variety of financial risks. The key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk - the possibility that the Council might not have funds available to meet it's commitments to make payments
- Re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disvantageous rates or terms
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements

Overall procedures for managing risk

The Council’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by officers in the Financial Services team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) 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 any credit exposures to the Council’s customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody’s and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

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

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

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- Banks 1 – good credit quality – the Council will only use banks which :-
  - are UK banks: and/or
  - are non-UK and domiciled in a country which has a minimum sovergein Long Term rating of AA and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
  - Short Term F1
  - Long term A
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. (These banks can be included if it continues to be part nationalised or it meets the ratings in Banks 1 above).
- Banks 3 – The Councils own banker for transactional purposes. If the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and
- Bank subsidiary and treasury operation – The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies – The Council will use all societies which meet the ratings for banks outlined above.
- Money Market Funds – AAA
- Enhanced Money Market Funds - AAA
- UK Government (including gilts, treasury bonds and the DMADF)
- Local authorities, parish councils etc.
- Supranational institutions
- Local Authority Property Asset Fund
- Corporate Bond Funds
- Covered Bonds

A limit of £2m per counterparty will be applied to the use of Non-Specified investments largely determined by the long term investment limits.

Except for Local Authority Property Asset Fund which will have a limit of £4m.

The full Investment Strategy for 2017/18 was approved by Full Council on 6 March 2017 and is available on the Council's website.

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

The Council’s maximum exposure to credit risk in relation to its investments in financial institutions of £6m (£14m 2016/17) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2018 that this was likely to crystallise.

There was one investment made in a certificate of deposit that exceeded the credit limit by £0.500m and in accordance with the Treasury Management Strategy requirements this was reported to Corporate Policy & Resources Committe in February 2018. There was no risk to the investment and the funds have been returned. The Council does not expect any losses from non- performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for it's customers, such that £0.255m of the £0.349m balance is past it's due date for payment. The past due amount can be analysed by age as follows:

31 March 2017 £'000		31 March 2018 £'000
153	Less than three months	94
51	Three to six months	54
108	Six months to one year	41
141	More than one year	160
453	**Total**	**349**

The Council initiates a legal charge on property where, for instance, clients can not afford to pay immediately, usually in cases where the Council has carried out works carried out to buildings in default of the owner. The total collateral at 31 March 2018 was £0.042m.

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial investments excluding sums due from customers, is as follows:

31 March 2017 £'000		31 March 2018 £'000
16,635	Less than 1 year	12,207
0	Between 1 and 2 years	0
0	Between 2 and 5 years	0
2,183	More than 5 years	3,272
18,818	**Total**	**15,479**

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio but is currently 'debt free'. Whilst the cash flow procedures above are considered against the refinancing risk procedures, long-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets, although currently only applies to longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council’s day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

Market Risk

Interest Rate Risk

The Council has no long term debt but may borrow for short term cash flow purposes. The Council is exposed to interest rate movements on its investments and potentially any borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances),
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Service will rise,
- Investment at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

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

At 31 March 2018, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	48
Impact on Surplus or Deficit on the Provision of Service	**48**

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 17 – Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk

The Council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.

However, the Council holds £3m in a property fund that has a carrying value as at 31 March 2018 of £3,224m. The price varies and these are classed as Available for Sale, meaning all movements in price will impact on gains and losses recognised in the Available for Sale Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £0.117m gain or loss being recognised in the Available for Sale Reserve.

Foreign Exchange Risk

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

35. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flow for operating activities include the following items:

2016/17 £'000		2017/18 £'000
308	Interest received	289
(23)	Interest paid	(5)
285	**Impact on Surplus or Deficit on the Provision of Service**	**284**

36. AGENCY SERVICES

In accordance with the Code, the collection and distribution of National Non-Domestic Rates (NNDR) and Council Tax is deemed to be an agency arrangement. The costs of collection of NNDR and the surplus or deficit on the Collection Fund for the year, are shown in the Collection Fund Statement.

37. GROUP ACCOUNTS

The Council judged that the preparation of Group Accounts is not necessary under the Code of Practice and is of no material benefit to users of the Statement of Accounts in understanding the Council's financial position. Details of entities controlled or significantly influenced by the Council can be found in Note 28.

38. TRADING OPERATIONS

The Council has established a trading unit where the Budget Manager is required to operate in a commercial environment and balance the budget by generating income from other organisations. Details of those units with a turnover greater than £42,000 are as follows:

	2016/17			2017/18		
Service	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure /(income) £'000**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure/ (Income) £'000**
Trade Waste	156	(152)	**4**	165	(241)	**(76)**
Total	**156**	**(152)**	**4**	**165**	**(241)**	**(76)**

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The trading accounts are an integral part of the total cost of the service (eg Waste Collection)

COLLECTION FUND ACCOUNT

Supplementary Financial Statements and Explanatory Notes

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 Business Rates (NNDR).

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

In 2013/14 the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils 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 Business Rates tax base.

The scheme allows the Council to retain a proportion of the total Business Rates received. The Council's share is 40% with the remainder paid to Lincolnshire County Council 10% and Central Government 50%.

Business Rates Surpluses and Deficits declared by West Lindsey District Council in relation to Collection Fund are apportioned to the relevant bodies in the subsequent financial year in their respective proportions.

The Code of Practice followed by Local Authorities in England stipulates that the Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

2016/17					2017/18		
Council Tax £'000	**Business Rates £'000**	**Total £'000**	**Income / Expenditure**	**Note**	**Council Tax £'000**	**Business Rates £'000**	**Total £'000**
			Income				
46,397	0	**46,397**	Net Council Tax Receivable	1	48,577	0	**48,577**
0	16,401	**16,401**	Net Business Rates Receivable	2	0	16,718	**16,718**
0	0	**0**	Transitional Protection Payments receivable		0	608	**608**
46,397	**16,401**	**62,798**	**Cost of Services**		**48,577**	**17,326**	**65,903**
			Expenditure				
			West Lindsey District Council				
7,279	6,653	**13,932**	Precepts, Demands & Shares		7,695	6,548	**14,243**
202	(146)	**56**	Distributed Surplus/(Deficit)		219	(1,389)	**(1,170)**
			Lincolnshire County Council				
32,599	1,663	**34,262**	Precepts, Demands & Shares		33,982	1,637	**35,619**
891	(36)	**855**	Distributed Surplus/(Deficit)		980	(347)	**633**
			Lincolnshire Police Authority				
5,819	0	**5,819**	Precepts, Demands & Shares		5,950	0	**5,950**
162	0	**162**	Distributed Surplus/(Deficit)		175	0	**175**
			Central Government				
0	8,316	**8,316**	Precepts, Demands & Shares		0	8,185	**8,185**
0	(183)	**(183)**	Distributed Surplus/(Deficit)		0	(1,737)	**(1,737)**
0	106	**106**	Cost of Collection Allowance		0	105	**105**
0	24	**24**	Write offs of uncollectable amounts		0	424	**424**
51	377	**428**	Increase/(Decrease) in Impairment Allowance		165	350	**515**
0	0	**0**	Increase/(Decrease) in Provision for Appeals		0	(3)	**(3)**
0	325	**325**	Transitional Protection Payments		0	0	**0**
0	25	**25**	Disregarded Amounts		0	52	**52**
47,003	**17,124**	**64,127**	**Total Expenditure**		**49,166**	**13,825**	**62,991**
(606)	(723)	(1,329)	(Surplus) or Deficit arising during the year	3	**(589)**	**3,501**	**2,912**
2,630	(3,140)	(510)	(Surplus) or Deficit b/fwd 1 April		**2,024**	**(3,863)**	**(1,839)**
2,024	**(3,863)**	**(1,839)**			**1,435**	**(362)**	**1,073**

NOTES TO THE COLLECTION FUND ACCOUNT

1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Lincolnshire Police Authority and West Lindsey District Council together with each Parish requirement. This is then divided by the Council Tax base i.e. the number of properties in each valuation band for 2017/18 this was converted to an equivalent number of band D dwellings and adjusted for discounts. The basic amount of Council Tax for a band D property including an average parish charge is £1,644.61 (£1,582.38, 2016/17) and is multiplied by the ratio specified for the particular band to give an individual amount due.

The Council Tax Base for 2017/18 was 28,959.46 (28,878.71 2016/17). This increase between financial years is as a result of the reduction in long term empty properties, and new properties added to the rating list. The tax base for 2017/18 was approved by the Council meeting in January 2017 and was calculated as follows:

		No of Dwellings on Valuation List		Equivalent Dwellings after discounts, exemptions and reliefs		Number of Band D Equivalent Dwellings	
Valuation Band	**Ratio (ninths)**	**2016/17**	**2017/18**	**2016/17**	**2017/18**	**2016/17**	**2017/18**
Disabled	5	0	0	14	18	5	7
Band A	6	15,800	15,943	13,736	13,768	6,651	6,575
Band B	7	7,908	7,971	7,141	7,186	4,985	5,028
Band C	8	7,539	7,570	6,918	6,962	5,791	5,834
Band D	9	5,650	5,679	5,332	5,350	5,206	5,219
Band E	11	3,355	3,382	3,204	3,226	3,826	3,862
Band F	13	1,396	1,413	1,326	1,339	1,895	1,909
Band G	15	511	511	484	490	799	809
Band H	18	64	66	42	45	84	90
Total		**42,223**	**42,535**	**38,197**	**38,384**	**29,242**	**29,333**
Deduction for non-collection, new build, demolition and other adjustments						(497)	(499)
Band D Equivalent for Council Tax Base						**28,745**	**28,834**
Band D Equivalent for Contributions in Lieu						134	125
Council Tax Base (Band D equivalent)						**28,879**	**28,959**

2. BUSINESS RATES

Business Rates (NNDR) are determined on a national basis by Central Government which sets an annual non-domestic rating multiplier amounting to 47.9p in 2017/18 (49.7p in 2016/17). The non- domestic rate multiplier for small businesses is 46.6p in 2017/18 (48.4p in 2016/17). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values totalled £46.386m at 31 December 2016 and were used to calculate the Business Rates Retention scheme amounts for 2017/18 (£42.531m in 2016/17).

The introduction of the Business Rates Retention Scheme in 2013/14 resulted in local authorities retaining a proportion of the total collectable rates due, rather than paying the whole Business Rates to the central pool. (WLDC 40%, Lincolnshire CC 10% and Central Government 50%)

The business rates shares payable for 2017/18 were estimated before the start of the financial year as

£8.185m to Central Government, £1.637 to Lincolnshire County Council and £6.548 to West Lindsey District Council. These sums have been paid in 2017/18 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all Authorities receive their baseline amount.Tariffs due from Authorities are payable to Central Government or if the authority is part of a Business Rates Pool, to the administering authority. The tariff is used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Council paid a tariff of £3.389m (£3.492m 2016/17) to the Lincolnshire Business Rates Pool (Central Government in 2016/17).

The total income from business rate payers collected in 2017/18 was £16.718m (£16.401m 2016/17).

In addition to the tariff, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. The safety net figure for the Council is £2.611m (£2.559m 2016/17). The comparision of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief.

2. COLLECTION FUND SURPLUSES AND DEFICITS

The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made on the year end balance. The calculation is made on the 15 January each year and taken into consideration when setting the Council Tax 2017/18. In 2017/18 the Council received £0.219m, its share of the 2016/17 Council Tax estimated surplus and this amount is reflected in the CIES, Taxation and Other Grant Income.

The actual cumulative Collection Fund surplus of £1.073m at 31 March 2018 includes the Business Rates deficit of £0.362m. There has been a slight decrease in the provision for appeals in 2017/18 with the total provision at £1.940m. (£1.942m 2016/17)

For the purpose of these accounts the accumulated surplus/(deficit) is attributed in relevant amounts for both Council Tax and Business Rates to the precepting bodies' debtor/(creditor) accounts and the billing authority (WLDC) as follows:

CTAX £'000	Business Rates £'000		CTAX £'000	Business Rates £'000	Total £'000
324	(1,545)	West Lindsey District Council	225	(145)	80
1,444	(386)	Lincolnshire County Council	1,028	(36)	992
256	0	Lincolnshire Police and Crime Commissioner	182	0	182
0	(1,932)	Central Government	0	(181)	(181)
2,024	**(3,863)**	**Balance at 31 March**	**1,435**	**(362)**	**1,073**

INDEPENDENT AUDITOR'S REPORT TO WEST LINDSEY DISTRICT COUNCIL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST LINDSEY DISTRICT COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of West Lindsey District Council ('the Authority') for the year ended 31 March 2018 which comprise the Authority Comprehensive Income and Expenditure Statement, the Authority Balance Sheet, the Authority Movement in Reserves Statement, the Authority Cash Flow Statement, the Collection Fund and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2018 and of the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Authority in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information published with the financial statements

The *Chief Financial Officer* is responsible for the other information published with the financial statements, including the Narrative Report and the Annual Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information. In our opinion the other information published with the financial statements for the financial year is consistent with the financial statements.

Chief Financial Officer's responsibilities

As explained more fully in the statement set out on page [A], the Chief Financial Officer is responsible for the preparation of the Authority's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, West Lindsey District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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.

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. 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, as to whether West Lindsey 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 Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether West Lindsey District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Statutory reporting matters

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

- 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;

Statutory reporting matters

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

- 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;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014;
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the financial statements of West Lindsey 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
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

July 2018

GLOSSARY OF TERMS

ACCOUNTING POLICIES
Those principles, basis, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

• Recognising
• Selecting measurement bases for, and
• Presenting assets, liabilities, gains, losses and changes to
  reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

ACCRUALS
Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

AMORTISATION
The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

AUTHORISED LIMIT

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

AVAILABLE FOR SALE FINANCIAL INSTRUMENTS

The Available for Sale Financial Instruments are investments that have quoted market prices or otherwise do not have fixed or determinable payments.

Any gains arising from increases in the value of the investments are credited to the Available For Sale Financial Instruments Reserve. The balance of the reserve is reduced when instruments with accumulated gains are:

• Revalued downwards or impaired and the gains are lots
• Disposed of and the gains are realisable

BALANCES
Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES
Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

BUSINESS RATES/NATIONAL NON DOMESTIC RATES (NNDR)
See National Non Domestic Rates (NNDR).

CAPITAL ADJUSTMENT ACCOUNT
The Capital Adjustment Account contains the amounts which are required by statute to be set aside from capital receipts and revenue for the repayment of external loans, as well as amounts of revenue, usable capital receipts and contributions which have been used to fund capital expenditure. It also accumulates depreciation impairment and write off of fixed assets on disposal.

CAPITAL CHARGES
Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services, an example being depreciation.

West Lindsey District Council Statement of Accounts 2017-18

CAPITAL EXPENDITURE
Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME
The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is five years.

CAPITAL RECEIPTS
The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)
The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND
The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS
These are fixed assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services

CONTINGENT LIABILITIES
Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

COUNCIL TAX
The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE
The council tax base of an area is equal to the number of band "D" equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band "D" properties (e.g. a band "H" property pays twice as much Council Tax as a band "D" property and therefore is equivalent to two band "D" properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CURRENT EXPENDITURE
Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CREDITS
This is the term applied to deferred capital receipts. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages. The balance is reduced by the amount repayable in any financial year.

DEPRECIATION
Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

EARMARKED RESERVES
These are reserves set aside for a specific purpose or a particular service or type of expenditure.

EMOLUMENTS
All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

EXTERNAL AUDIT
The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

FAIR VALUE
Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase of the asset.

FEES AND CHARGES
Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

FINANCE LEASE
Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT
Contracts which give rise to a financial asset of one organisation and a financial liability.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT
An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL REPORTING STANDARDS (FRS)
A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR
The Council's financial year commences on 1 April and ends on 31 March the following year.

FIXED ASSET
Tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

GENERAL FUND
The main revenue fund of a billing Council. Day to day spending on services is met from this Fund.

GROSS EXPENDITURE
The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

HERITAGE ASSETS
A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

IMPAIRMENT
Impairment occurs when that value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset. Examples of factors which may cause such a reduction in value include evidence of obsolescence or physical damage to the asset.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
Accounting standards adopted from 1 April 2010 for Local Government entities.

INFRASTRUCTURE ASSETS
Expenditure on works of construction or improvement but which have no tangible value, such as construction of or improvement to highways.

INTERNAL AUDIT
An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

INTANGIBLE ASSETS
Capital expenditure which does not result in the creation of a tangible fixed asset but which gives the Council a controllable access to future economic benefits, e.g. software licences.

INVESTMENTS
Deposits with approved institutions.

LONG TERM DEBTORS Amounts due to the Council more than one year after the Balance Sheet date.

MINIMUM REVENUE PROVISION (MRP)
The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

MAIN ACCOUNT STATEMENTS

• Comprehensive Income and Expenditure Statement (CIES)
A financial statement which records the day to day activity of the Council

• Movement in Reserves Statement (MIRS)
This statement shows the movement in the year on the different reserves held by the Council

• The Balance Sheet
This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council

• Cash Flow Statement
This statement shows the changes in cash and cash equivalents of the Council during the reporting period

NATIONAL NON-DOMESTIC RATE (NNDR)/BUSINESS RATES

Business rates is the common term used for national non domestic rates (NNDR) which is the levy on business property. It is based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all Local Authorities. Local Authorities collect the non-domestic rate but the proceeds are apportioned on a % basis to the Billing Authority (40%), the precepting Authority (10%) and Central Government (50%).

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATING LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

OPERATIONAL BOUNDARY

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Lincolnshire County Council, Lincolnshire Police Authority/Police and Crime Commissioner, Lincolnshire Fire and Rescue Authority and Parish Councils all precept upon West Lindsey District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

• One party has direct or indirect control of the other party;
• The parties are subject to common control from the same source;
• One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
• The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of a Council include:

• UK Central Government;
• Local authorities and other bodies precepting or levying demands on the Council Tax;
• Its subsidiary and associated companies;
• Its joint ventures and joint venture partners;
• Its Members;
• Its Senior Officers.

For individuals identified as related parties, the following are also presumed to be related parties:

• Members of close family, or the same household;
• Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

REPORTING STANDARDS
The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS) including Statements of Standard Accounting Practice (SSAP).

REVALUATION RESERVE
This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It also records any reductions in the value of assets subject to the limit of any previous increases in the value of the same asset. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)
This funding is the Government Grant provided by the Department of Communities and Local Government (DCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review.

SEGMENTAL
An analysis of income or expenditure over the Council's reporting service clusters.

SOFT LOANS
A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

STATEMENT OF ACCOUNTS
Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must approve the Statement by 30 September following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (CODE)
The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST
The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

USABLE CAPITAL RECEIPTS
Amounts available to finance capital expenditure in future years.

USABLE RESERVES
Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

UNUSABLE RESERVES
Represent gains and losses yet to be realised and which are not available to support services.

ANNUAL GOVERNANCE STATEMENT 2017/18

SCOPE OF RESPONSIBILITY

West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. West Lindsey District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, West Lindsey District Council has put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

During 2017/18, West Lindsey District Council has worked to its code of corporate governance which was revised during 2016/17 to ensure consistency with the principles set out in guidance provided by CIPFA/SOLACE in 2016 within their Delivering Good Governance in Local Government Framework. The purpose of the Framework is to assist local government to take responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. A copy of the authority's framework is on the Council's website contained within the Codes and Protocols section of The Constitution.

This Annual Governance Statement explains how West Lindsey District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulations 4(3) and 4(4), which requires all relevant bodies to prepare and publish an annual governance statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services that are value for money. The framework has been reviewed during the year and is deemed to be relevant and robust.

The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of West Lindsey District Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lindsey District Council for the year ended 31st March 2018 and up to the date of approval of the statement of accounts at a meeting of the Governance and Audit Committee on 24th July 2018.

THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

The Governance Framework is presented in detail at Appendix One with commentary about improvements made during the year and improvements still required. Some of the key features of the Governance Framework are set out below.

The Corporate Plan (2016-2020) sets out the Council's vision for the District and sets out the key strategic objectives which will deliver these outcomes for our communities. The Corporate Plan is explicitly aligned to the Medium Term Financial Plan and Executive Business Plan, ensuring that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council. Progress against the priorities detailed within the Corporate Plan is reported annually and the on-going relevance of the Plan is reviewed annually and takes into account feedback from surveys conducted with the citizens of West Lindsey.

The Constitution of West Lindsey District Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.
The Constitution is reviewed annually to ensure it continues to be fit for purpose.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of the Paid Service, Monitoring Officer and Chief Financial Officer are described, together with their contributions to provide robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Management Team.

West Lindsey District Council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. In addition, training needs are identified through development appraisals and reviews, enabling individuals to undertake their present roles effectively and have the opportunity to develop to meet their own and the Council's current and future needs.

West Lindsey District Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review is informed by:

1. The Combined Assurance Report – made up from:
    a) Feedback from senior managers within the Authority who have responsibility for the development and maintenance of the governance environment and its effectiveness within their areas
    b) An independent review by the Corporate Governance Team
    c) The findings of the Annual Audit Work Plan
    d) Third Party assessment e.g. peer review
2. The Annual Review of Comments, Compliments and Complaints
3. The Annual Review of The Constitution
4. The Annual Review of the Effectiveness of Internal Audit
5. The Annual Review of Whistleblowing
6. The Annual Review of Fraud
7. The Head of Internal Audit's Annual Report
8. Comments made by the external auditors and other review agencies and inspectorates

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this governance statement. As a result the arrangements are deemed as being fit for purpose.

The areas already addressed and those to be specifically addressed via an action plan to be developed in the coming year are outlined below.

SIGNIFICANT GOVERNANCE ISSUES

Over the last year the Council has consolidated its progress made over previous years in embedding its corporate governance arrangements and procedures and to consistently communicate the message across the organisation that governance is an essential component of corporate activity. However, as major projects have developed and commercial initiatives have been pursued, the Council has been cognisant of the need to ensure governance and decision making processes do not inhibit the successful achievement of desired outcomes. Hence, the Council's attitude to risk and governance have been the subject of much discussion to determine the right balance between probity and the taking of opportunities.

To enhance capacity and capability across the Council a review of staffing requirements has been undertaken resulting in appointments to key areas to support both operational and programme delivery. Where appropriate, expert subject matter advice has been externally sourced to provide expertise and objective thinking in support of a number of the Council's key projects.

We also continue to review and refresh where appropriate the main processes which constitute the Council's performance and governance framework. This includes considerations relating to project management, partnership arrangements, risk management, procurement and contract management. We aim to provide clear guidance and support and regularly undertake workshops with staff to ensure that procedures are fully understood and are routinely applied. Significant work has also been undertaken to review the Council's Portfolio Board structure to provide appropriate support and scrutiny in relation to project development and to realise effective delivery.

Considerable attention has been paid to ensure governance arrangements to support the Council's growth and commercial agendas are fit for purpose. This is a fast-paced and highly technical area. The Council has worked closely with a combination of colleagues from Lincolnshire Procurement and Lincolnshire Legal Shared Services, in addition to sourcing additional relevant external professional advice to review particular proposals and help steer decision making. Additionally, to expedite efficient decision making, arrangements have been made to hold concurrent policy and resourcing committee meetings to secure policy/project and resourcing approvals within the same session.

Training for staff and Members has also taken place, as have workshop sessions and regular feedback to Members and the Management Team on governance related matters. On-going training has been provided for Members during the year covering a number of subject areas.

A refresh of measures to be incorporated into the Council's Progress and Delivery reporting has been undertaken to ensure that we report against meaningful aspects of service delivery and also track and record progress against the ambitions detailed within the Council's Corporate Plan.

During 2017/18 West Lindsey District Council has also regularly reviewed progress against the significant issues identified in the previous year's AGS (2016/17). Quarterly update reports have been presented to the Governance and Audit Committee. Issues that have been sufficiently progressed and so are now removed from the AGS (2016/17) action plan are:

1. Implementation of General Data Protection Regulations – to ensure compliance with new regulations coming into force on 25th May 2018, which aim to increase cyber-security and the protection of data
2. Political Governance – to maintain and re-inforce the current high standards of behaviour across all levels of democratic governance within West Lindsey
3. Partnerships – to critically evaluate and maintain the effectiveness of the Council's key strategic partnerships
4. Delivery of Key Commercial and Community Based Projects – to deliver at the required pace, key projects in support of the Corporate Plan which deliver benefits for the whole of the District
5. Resilience and Capacity – to balance the Council's capacity to deliver ambitious programmes with the

operational and management responsibilities placed on staff

6. Selective Licensing – for Members to receive and consider a report evaluating the implementation and effectiveness of the scheme
7. Development Management – to receive the findings of an audit into the service, providing oversight and scrutiny to ensure subsequent recommendations and actions are appropriately considered and implemented

The action relating to Value for Money has been carried over into the action plan for 2017/18. While some progress has been achieved through the development of a value for money handbook; awareness sessions; subscription to an on-line resource and the production of a number of assessments to test the principle, momentum has not been as consistent as desired. To address this, additional capacity has been secured to take ownership of this work and progress during 2018/19.

SIGNIFICANT CURRENT ISSUES TO BE A FOCUS IN 2018/19.

During 2018/19, the Council will pay attention to a number of issues as described below and will continue to stress the message across the organisation that governance is a core component of corporate activity. Hence all officers are required to play a part in ensuring that our processes and systems are robust and adhered to. On-going 'testing' of our processes will be undertaken and we will continue to work in a collaborative manner with Internal and External Audit colleagues.

Those issues that have been identified as requiring particular attention during 2018/19 are reproduced below. These were identified by Management Team; via reference to Internal Audit opinion and through the work undertaken to complete the Council's Combined Assurance Report for 2017/18. Progress will be made in 2018/19, monitored and driven forward by the Management Team and the Governance and Audit Committee in conjunction with the Challenge and Improvement Committee.

The significant issues identified are:

1. Commercialism - to ensure that related decision making and governance arrangements are effective and transparent and form part of the Monitoring Officer's oversight and reporting duties
2. Wellbeing Contract - implementation of the new service must be closely monitored, partnership working arrangements must be effective and the intended outcomes for service users must be understood and achieved
3. Review of Challenge & Improvement Committee - to ensure that the Committee is effective in its operations and performs a robust scrutiny function
4. New Corporate Plan 2019-2023 - the new Plan must clearly set out the strategic aims of the Council and the outcomes it seeks, based on the issues and opportunities facing the District
5. PCI DSS Processes - to achieve compliance with industry standards
6. Value for Money - to complete VfM assessments across service areas to enable senior management to set clear priorities for improvement

We propose over the coming year to take steps to address the above matters via an action plan 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. There have been no significant events or developments relating to the governance system between the year-end and the date on which the Statement of Accounts were signed by the responsible financial officer.

Signed J. S. Summers Date 27th June 2018

Councilor Jeff Summers, Leader of the Council on behalf of West Lindsey District Council

Signed Date 2nd July 2018

Mark Sturgess, Head of Paid Service on behalf of West Lindsey District Council

APPENDIX 1 - THE GOVERNANCE FRAMEWORK & REVIEW OF EFFECTIVENESS

1. The Council's Vision

Objective: Developing, communicating, operationalising and reviewing the Council's vision.

This section incorporates information relating to:
- identifying and communicating the Council's vision
- reviewing the Council's vision and its implications for the Council's governance arrangements
- translating the vision into objectives for the Council and its partnerships

To help identify priorities, the Council analyses information from external sources, internal statistics, engagement events, working with partners and horizon scanning reports. It produces an annual State of the District Report for review by Members, the public and other stakeholders alike.

Priorities are tested further through public consultation with both the Citizen's Panel (an established representative group of approximately 1300 local residents) and residents more generally. This is supplemented by engagement with a range of businesses and third sector organisations and Member workshops, which build on the identified community priorities.

The Council, is currently working to its Corporate Plan (2016-2020) which was approved by Council in March 2016. The overall vision contains the following strategic priorities:

- Theme 1: Open for Business
- Theme 2: Asset Management
- Theme 3: People First
- Theme 4: Central Lincolnshire Local Plan
- Theme 5: Partnership/Devolution
- Theme 6: Excellent Value for Money Services

The Corporate Plan is explicitly linked to the Medium Term Financial Plan through to 2020 and the Council's Executive Business Plan. During 2018/19, work will be progressed to develop a new Corporate Plan to take effect from 2019. This timeframe complements the Council elections in May 2019.

The Council publishes its Corporate Plan on its website in accordance with requirements for transparency and making information available for local people. A review of progress against its objectives was carried out on its second anniversary and presented at Full Council to Members for review and endorsement. A summary publication detailing this has also been produced and shared with stakeholders and published on the Council's website.

The Corporate Plan is delivered in the main through the Council's Portfolio Board. It has a clear terms of reference outlining responsibilities for delivery and the board's delivery plan is further translated into business and service plans, team plans and personal actions (through the appraisal process), which contain specific key objectives, desired outcomes, responsibilities and targets. This ensures that the necessary resources, both staff and financial, are allocated to deliver the service plans and informs the Medium Term Financial Plan and Executive Business Plan.

The Council continues to operate in a challenging short and medium term financial environment. This challenge is not new to the Council and it has over the last 10 years undertaken on-going reviews of its structures, services and income generating potential to achieve substantial savings. However, for the year ending 31st March 2018 the authority continued to operate within a challenging financial environment as a consequence of further cuts in government funding and local economic conditions, with the outlook for the coming years equally challenging (see WLDC Budget Book 2018/19 to 2022/23). However, to provide us with a degree of certainty the Council has accepted the Government's offer of a four year settlement deal for 2016/17 to 2019/20. Beyond this timeframe we are awaiting the results of the Fairer Funding Review.

Within this context the priorities for the Financial Strategy are to maximise available resources through effective and efficient delivery of services and to identify and drive innovative and commercial approaches to service delivery; resourcing and the use of our land and property assets. This remains important so as to achieve financial sustainability. The positive action taken by the Council to date means that it is relatively well placed to respond to these challenges. In addition capital investment in projects which will generate a revenue return and working in partnership with the private sector, will bring inward investment and economic growth to the District. There are however further uncertain times ahead (despite indicators of economic recovery) and it is essential that the Council continues to take proactive and sustained action, as without this the Council's financial position will not be sustainable in the longer term.

A robust process of monitoring and the taking of responsible actions in managing its budget ensures the Council remains in a good position to achieve the additional savings/income targets of approximately £1m by 2020/21 in a considered manner.
Budgets are controlled and monitored by Budget Managers who are supported by regular liaison meetings with the Council's Finance Business Partners. Budget and performance monitoring is reported to Members and the Management Team in the form of regular Budget Monitoring and Progress and Delivery Reports.

All Committee reports contain a financial reference issued by the Finance Team. This provides decision makers with the full financial implications of the proposals being recommended.

To ensure that staff possess the necessary financial knowledge and skills, the Council has delivered a further programme of finance related training under the banner 'Finance Matters II'. This package complements and enhances the previous training (Finance Matters) delivered to staff three years ago.

2. Measuring the Quality of Services

Objective: Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources and value for money

Performance Management & Value for Money

During the year, the Council has monitored the effectiveness of the Progress and Delivery report in monitoring and reporting on performance, with the Challenge and Improvement Committee retaining oversight. A sub-group of the Committee has met once again to discuss the need for a refresh of measures for 2018/19 to ensure that progress against the achievement of corporate priorities can be tracked. We are keen to stress the message that any measures adopted should be able to help the Council learn and improve. The Executive Director of Operations is responsible for performance management and provides:

1. Quarterly Progress and Delivery reports to the policy committees and the scrutiny committee
2. Assurance that the reports provide quality and contextual data for Members

Individual performance is discussed via the appraisal system for employees, which continues to be monitored to ensure that it is applied consistently.

The Council has adhered to the transparency agenda by publishing spend over £250 on the Council's web site on a monthly basis and continues to meet the legal requirements to publish equality objectives which are included in the Corporate Plan.

Commissioning Partnerships

To achieve value for money and the best use of resources, the Council has adopted a positive approach to partnership working and has retained a number of shared working arrangements, mainly with North Kesteven District Council (NKDC). Other key partnerships include Lincolnshire Legal Services, Procurement Lincolnshire and the creation of a formal statutory body to consider planning policy across Central Lincolnshire. Additionally, key contractual partnerships incorporating performance management aspects are in place for a range of services. During 2017/18, the Council has welcomed positive audit findings into two of its partnership arrangements (Shared ICT with NKDC and Choice Based Lettings).

The Council's ambitious growth plans for the District are beginning to crystallise with the formation of a key strategic outcome focused partnership (in the form of a joint venture) established to achieve regeneration in the retail sector in Gainsborough. Additional work has secured a further development partner to focus on delivering comprehensive regeneration of Gainsborough town centre. Both arrangements conspire to ensure that the Council can deliver the Central Lincolnshire Local Plan housing growth target. Further, the Council continues to be engaged in a meaningful manner with partners from the business sector to promote West Lindsey in general and Gainsborough specifically. These partnerships are key to jointly addressing issues such as skills and ultimately promote the District as a place to invest in and grow.
Further examples of partnership working are provided by the work the Council has conducted with the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the Homes and Communities Agency (HCA). As the Council moves its growth plans into delivery, this has attracted significant support and funding from these bodies, providing revenue funds to continue the intensive planning and development work to support land assembly and provide significant capital for site acquisition, infra-structure and in effect "gap" funds to bridge viability gaps.

To ensure that the Council considers the appropriateness of partnership working prior to entering into arrangements, an ACoP is in place to offer guidance and workshops have been held with staff to discuss the topic. As stressed above, it is essential that officers involved in partnership working consider value for money by assessing the on-going importance of any partnership and its effectiveness in meeting intended outcomes.

Value for Money

Specific reference has been made to our approach to achieving value for money in both the Council's Corporate Plan and also the MTFP. Our approach received a positive outcome when audited by External Audit.

One of the priorities of the Corporate Plan is the delivery of excellent, value for money services. To assist in achieving this goal, the Council has subscribed to a database of metrics which provide the ability to benchmark service related costs and performance, triangulated where possible with outcomes. Work continues to use this resource to best effect and produce value for money assessments across a range of services. These assessments will provide services with the basis for generating greater value for money via improvement plans. Over the short/medium term we want to create a culture of value for money across all decision makimg, building on evidence of benchmarking and the achievement of greater productivity. To assist in the regard, the Council has secured additional capacity in the form of a dedicated role to work closely with services to understand performance, costs and value for money considerations.

Procurement & Contract Management

Effective procurement and contract management is key to ensuring that value for money is achieved. Our Procurement processes were audited during 2017/18 and received a substantial assurance rating. Working closely with Procurement Lincs a substantial report was produced during 2017/18, assessing by service areas, the contracts in pace and the scope for efficiencies and consolidation. Due to the absence of key staff during the year, progress against the report's recommendations was not as swift as planned. However, this will be addressed through 2018/19. During 2017/18 a new contract management system was introduced incorporating greater functionality to assist in cost analysis and reporting. The Council's Contract Procedure Rules and ACoP which supports contract management are both regularly reviewed and elements of contract management are reported via Progress and Delivery reporting.

Service Reviews

Reviews of service provision, structural arrangements and performance are key components in assessing the value for money of service delivery. During 2017/18 reviews of a number of service areas were conducted to determine and secure the required capacity to achieve objectives and desired outcomes.

Senior Management Restructure

The form and function of the Council is regularly reviewed. During 2017/18, following the retirement of the then Chief Executive, a comprehensive review of the senior management structure was undertaken. This culminated in the deletion from the structure of the post of Chief Executive and a re-alignment of key priorities and tasks across the three remaining Executive Directors. This included the re-assignation of the role of Head of Paid Service.

Customer Feedback

The Council recognises the important role that customer feedback plays in assessing the quality and range of the services delivered. Public consultation plays an integral role in informing budget proposals. Customer satisfaction is an integral component of the Council's performance measurement metrics and an annual review of complaints is reported to Management Team, wider management and Members via a report to the Governance & Audit and the Challenge and Improvement Committees detailing the type and volumes of complaints and comparative analysis with previous years. Contextual information is also provided. To support improvements and consistency in approach, the Council has appointed a Customer Experience Officer to work closely with service areas.

In addition, a pro-active stance is taken across a number of services in the form of customer satisfaction surveys. The consistent application of this across the Council is a key aim in support of effective performance management.

3. Roles, Responsibilities and Delegations

Objective: Defining and documenting the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnerships arrangements

The Council has an overview and scrutiny function (in the form of the Challenge & Improvement Committee) and there is a clear split between policy and scrutiny. Overview and scrutiny contributes to the decision making process.

The Council's policy and decision-making process is defined in detail in The Constitution but can be summarised as follows:

a) The Budget and Policy Framework is decided by Council and has significant links to the Corporate Plan
b) The Corporate Policy and Resources Committee formulates policy, plans and strategies which do not form part of the Council's Policy Framework. They are responsible for the effective use of all council resources, whether land finances, property or personnel
c) The Prosperous Communities Committee deals with economic development, leisure and cultural, environmental issues and community issues. They formulate policy, plans and strategies other than those identified for adoption by the Council or the Corporate Policy and Resources Committee
d) Arrangements for concurrent meetings of the Prosperous Communities and Corporate Policy & Resources Committees to consider policy and funding decisions during the same session
e) The scrutiny function is provided by the Challenge & Improvement Committee which examines the activity of the policy committees to ensure they deliver Council policy and can call the policy committees to account for aspects of poor/deteriorating performance in areas under their jurisdiction
f) The Challenge & Improvement Committee works to an individual work programme of matters to be considered for the year ahead and there is a monitoring role for the Committee to ensure delivery of the programme. Additionally the Committee invites and raises questions and discussion with strategic partners responsible for service delivery across the District
g) The Challenge & Improvement Committee can also establish time limited groups to carry out in depth reviews
h) Quasi-judicial matters such as Planning and Licensing are dealt with through separate Planning and Licensing Committees

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation.

The Annual Council meeting each year considers a report from the Monitoring Officer which reviews The Constitution to ensure it remains robust and effective. This allows for appropriate amendments to be made.

There are protocols for effective communication which include:

a) Member/Officer Relations Protocol
b) Leaders Panel regularly meet with designated officers and Chief Officers
c) Group Leaders meetings with Key Officers
d) Chair's Briefs
e) Six-weekly Members information bulletin
f) 'Call-in' protocol which enables a decision of the Policy Committees to be questioned by Scrutiny before it is finally approved

The Management Team and Leader of the Council have established a communication process and they have mechanisms in place to set and manage the delivery of objectives.

4. Standards of Behaviour

Objective: Developing, communicating and embedding codes of conduct, defining the standards of behavior for Members and staff

It is vital that there is a constructive working relationship between elected Members and Officers and that the respective roles are carried out to a high standard.

The Council's leadership is responsible for setting the tone for the organisation and it is tasked with creating a climate of openness, support and respect. A set of organisational behaviours and core values are in place and have been communicated. Lead Member positions also have clear role descriptions set out within The Constitution and these make reference to the behaviours expected when undertaking their duties.

Standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols. These are reviewed on a regular basis and when circumstances dictate. For instance during 2017/18, the subject of Member/Officer working protocols was re-visited, with workshops between both parties taking place. These sessions helped to revisit and update the Operational Conventions Protocol within the Council's Constitution. Additionally in 2017/18, officers received training on working in a political environment.

This includes:

a. Members and Co-opted Members Code of Conduct
b. Guidance when dealing with Planning Matters
c. Protocol on Member/Officer Relations (Operational Conventions protocol)
d. Officer Code of Conduct
e. Whistle Blowing Policy
f. Complaints Procedure
g. Anti-Fraud and Corruption Policy
h. Local Code of Corporate Governance

The Council has in place Members' related codes of conduct and a Local Code of Corporate Governance. An agreed process is in place to deal with standards matters should they arise. The Standards Sub-Committee plays a significant role in promoting and maintaining high standards of conduct between elected and co-opted Members and hearing complaints where standards of behaviour fall short of what is expected. In particular the role of the Committee is:

a) promoting and maintaining high standards of conduct by councillors and co-opted Members
b) assisting the councillors and co-opted Members to observe the Members' Code of Conduct
c) advising the Council on the adoption or revision of the Members' Code of Conduct
d) monitoring the operation of the Members' Code of Conduct
e) advising, training or arranging to train councillors and co-opted Members on matters relating to the Members' Code of Conduct
f) granting dispensations to councillors and co-opted Members from requirements relating to interests set out in the Members' Code of Conduct
g) to hear complaints locally regarding alleged breaches of the Code
h) exercising such other functions as the Council considers appropriate; and
i) the exercise of (a) to (g) above in relation to the town/parish councils/meetings and their Members in the Council's area

During the year, the Council has revised and adopted a new Code of Conduct which now incorporates aspects such as bullying, confidentiality and respect. The new Code has also been communicated via workshops to Parish and Town Councils across the District and has been adopted by a significant number. The remainder have opted to continue with the code provided by the National Association of Local Councils (NALC).

The Code of Conduct and the Standards regime form part of the Members' induction arrangements and all Members (new and returning) are required to sign the Code of Conduct and provide a new register of interest return.

There is a Code of Conduct for employees and there is also an induction process in place which includes conduct matters. There is an appraisal process in place for both Members and Officers which allows a personal development plan to be put in place.

The Council has an Anti-fraud and anti-corruption policy and also a whistle blowing policy in place. Annual reports on fraud and whistle blowing incidents are presented to Members and are made available for review via the Council's web site.

There are registers of gifts and hospitality, interests, and secondary employment. During the year (and especially around Christmas and holiday periods) Members and staff are reminded of the procedure for registering gifts and hospitality and more senior staff are regularly reminded of the need to do this. Procedures for dealing with conflict of interest are in place. Arrangements are in place to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

Rules and procedures are set out in The Constitution including Members' Code of Conduct, Operation of the Standards Sub-Committee, Procedure Rules for Committees, Financial and Contract and Procurement Procedure Rules (updated during 2017/18) and Scheme of Delegation.

The Monitoring Officer and Chief Finance Officer also have clear supporting roles.

Awareness of probity issues amongst managers is raised through regular reminders that are sent out to all staff.

The Council has an investigation and disciplinary process for conduct issues and action is taken against employees where conduct falls below that expected. At a Chief Officer level this function is undertaken by elected Members and there are clear rules of procedure defined in The Constitution.

5. The Decision Making Framework

Objective: Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation. Attention is paid to ensure that arrangements reflect current structures and roles and support appropriate good decision making.

A Scrutiny Committee (Challenge & Improvement) is in place and has clear terms of reference. Their operation is covered in The Constitution which allows them to exercise their powers to 'Call In' decisions made by the policy committees and if necessary ask them to reconsider their earlier decisions. During 2017/18, Members received training on the Effectiveness of Scrutiny and undertook an exercise in self-evaluation. Going into 2018/19, a review of the on-going requirement for this Committee is to be undertaken, as there is no statutory obligation for a District Council to have such an arrangement.

To support joined-up and efficient decision making, particularly in respect of time critical decisions, where appropriate, the Council has implemented concurrent meetings of the Prosperous Communities and the Corporate Policy & Resources Committees within one session. This entails the policy position being debated with recommendations made for resourcing decisions to be determined immediately afterwards. This has worked well to date, to support the expedient progress of key growth and commercial initiatives.

Work has also been completed to ensure that the focus of Committee reports is placed on key decision making. Hence the Council has reduced the number of reports placed before Members by no longer using Committees for the provision of update and information only reports. Alternative arrangements have been put in place to oversee such matters.

During 2017/18 the Council commissioned a consultancy report from Internal Audit to look at the quality of decision making. Reviewing three key decisions, the report found that governance structures, business cases and supporting papers, financial and legal information and scrutiny and the capability of decision makers were all working effectively.

The Council has a robust reporting process in place. There is a committee timetable and Democratic Services identify agendas with the services. The committee report template requires report authors to seek professional comment on proposals from finance, human resources and legal colleagues. It also prompts officers, where appropriate, to detail at least three options for consideration with a recommended option highlighted and to also consider legal, staffing and equalities matters and to assess risk.

The meetings of the Council have appropriate agendas, reports and minutes which demonstrate data quality. All Committees are web cast with the Planning Committee and Full Council meetings webcast live.

The Council uses training, workshops, ACoPs and manuals to help staff operate systems.

The Council has a Risk Management Strategy which sets clear policy and guidance on managing risk and Members receive risk management training.

The Council's Portfolio Board oversees the key programmes which have been instigated to support delivery of the Corporate Plan. An audit of the workings of the Portfolio Board was undertaken during 2017/18 and received a substantial assurance rating. Below this Board a number of themed programme boards exist which manage the delivery of individual projects. Each board is chaired by the relevant programme sponsor and has specific terms of reference. A key component to assist in decision making and delivery is the role of sponsor. The role is accountable for putting in place the appropriate governance arrangements (including the formation of a board if necessary) to avoid the creation of a transactional approach and to ensure that due proportionality is applied to risk. The sponsor is also responsible for reporting progress/issues back to the Portfolio Board.

During 2017/18, both the Section 151 and the Monitoring Officer have played key roles in decision making. They have ensured gateway reviews have been undertaken in connection with the development of business cases associated with commercial, land and property and regeneration initiatives. Such reviews have enabled effective decisions to be made at each stage of project development.

The step change we are making on the growth and commercial agendas (specifically the Commercial Investment portfolio) requires pace, ability to take a commercial view and responsive governance. Work has progressed during 2017/18 to ensure these notions are addressed. The joint sessions of the Prosperous Communities and Corporate Policy & Resources Committees have been a step-change in this regard. Culturally, much progress has been made with staff and Members to ensure that the key foci in discussions remain on programme direction and the commercial imperatives and opportunities.

Data quality contributes to the achievement of and underpins the Council's priorities. The Council is committed to high standards of data quality and must take care to ensure that the data and information used throughout the organisation and particularly in relation to performance management is fit for purpose. In the recent past, the Council recognised the need to ensure a consistent approach to data quality and has therefore produced and communicated via workshops and meetings a Data Quality Policy. In addition agreement has been reached with Internal Audit for them to explicitly assess and reference data quality (where relevant) as part of their audit work.

6. Risk Management

Objective: Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Council has in place a Risk Management Strategy which covers the period 2016-2918. It is due to be revised during 2018/19. There is also an accompanying risk management ACoP, which supports the strategy to outline operational procedures and roles and responsibilities.

Internal Audit reviewed the Council's risk management arrangements during 2016/17 and provided a substantial assurance finding. Service risk management is a standing item of the Service Leadership Team (SLT) meeting agenda whereby any issues can be raised and service areas undertake on-going assessment of service related risks.

A number of workshops with staff and Management Team have been held during the year to discuss risk and the Council has attended the Lincolnshire Risk Management Group meetings.

All risks are maintained on a central system which enables risk owners to identify risks at a service level. If any such risk escalates in nature there is a process on place by which it can be brought to the attention of Management Team.

The Strategic Risk register identifies risks to the delivery of the outcomes in the Corporate Plan. This approach reflects the guidance provided by the Association of Local Authority Risk Managers (ALARM). Therefore, during 2017/18, Management Team have assessed progress against the Corporate Plan objectives to ensure the strategic risk register remains correctly aligned. The register is reviewed regularly by Management Team and is presented for review by the Governance and Audit Committee on a six-monthly basis.

The Governance and Audit Committee have a responsibility as part of their terms of reference for approving the Risk Strategy and maintain an overview of risks. The committee has appointed a Member Risk Champion who has clear terms of reference.

7. Counter-fraud and Anti-corruption

Objective: Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

The Council has an Anti-Fraud, Corruption and Money Laundering Strategy which stresses a zero tolerance approach and is part of a suite of policies covering:

- Whistleblowing Policy
- Disciplinary Policy
- Covert Surveillance Policy
- Codes of Conduct for Members and Officers
- Risk Management Policy and Strategy
- Gifts and Hospitality
- Standing Orders

The policy applies to:

- All West Lindsey District Council Employees.
- Councillors and Independent Members
- Staff and members of Council funded voluntary organisations
- Partners
- Suppliers, contractors and consultants
- Residents

Members of staff, partners and contractors have all been reminded of the policy and how to raise any concerns, or report suspected fraud or corruption, through a series of leaflets and posters and a 'Fighting Fraud' leaflet is distributed annually to all staff. An anti-fraud presentation forms part of the corporate induction process. The Council also maintains a specific fraud related risk register.

The Governance and Audit Committee receive a yearly report on anti-fraud and corruption arrangements and the action that has been taken to investigate and prosecute cases.

To monitor and manage the risk of fraud, the Council is a member of the Lincolnshire Fraud Partnership. The Council also takes part in the Housing Benefit Matching Service (HBMS) work and the National Fraud Initiative (NFI); a bi-annual exercise that matches electronic data within and between public sector bodies to prevent and detect fraud. A fraud-health check was conducted in the year by Assurance Lincolnshire which assessed our anti-fraud related arrangements and identified some areas for improvement.

8. Management of Change

Objective: Ensuring effective management of change and transformation

Governance arrangements are in place to ensure change is effectively managed in the form of Board scrutiny, effective project management and Progress and Delivery reporting against projects and programme development. Members are also part of this process and regular reports are produced to keep them updated.

An internal review of the Council's principles and processes in place to support effective project management has been undertaken with colleagues to ensure they remain fit for purpose. Additional capacity has been secured in the form of a Senior Programme Officer to provide critical oversight of all key initiatives. Reporting in 2016/17, Internal Audit provided a finding of substantial assurance following an audit into the Council's project management processes and methodology.

Each Board has been assigned a Programme Sponsor responsible for delivery. In this regard their remit is to direct and provide support to project managers and also ensure a high quality of project development and adherence to the Council's project management methodology.

Effective communication is regarded as crucial to delivering effective change and strong links have been forged between the relevant Boards and the Communications Team to ensure the Council as a whole is kept abreast of developments.

To provide strategic capacity and capability concerned with change and transformation, particularly in support of the delivery of key programmes and projects, the Council has adopted an approach of sourcing professional subject related expertise on a needs basis. This is intended to deliver better value for money and objectivity.

9. Role of the Chief Financial Officer

Objective: Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact

The Council has designated the Executive Director of Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. This officer has statutory responsibility for the proper planning, administration and monitoring of the Council's financial affairs. The Council's financial management arrangements also conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The financial management of the Council is conducted in accordance with the Financial Procedure Rules set out in The Constitution. The financial management system includes:

- A five year Medium Term Financial Strategy which is reviewed and updated annually to support the delivery of the Council's strategic priorities.
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies.
- Financial Procedure Rules that are reviewed at intervals of not more than three years. Relevant amendments are made when required.
- Process and procedure guidance manuals.
- Regular budget monitoring by budget holders through monthly financial monitoring meetings and reports.
- Four reports per year to Management Team and Members relating to the Council's financial position stating financial and performance information.
- Annual accounts supporting stewardship responsibilities which are subjected to external audit and which follow the Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards.

10. Role of the Head of Internal Audit

Objective: Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

The CIPFA statement on the Role of the Head of Internal Audit (2010) states that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments

2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

To perform this role the Head of Internal Audit:

3. Must be a senior manager with regular and open engagement across the organisation, particularly with the Management Team and with the Audit Committee

4. Must lead and direct an internal audit service that is resourced to be fit for purpose; and

5. Must be professionally qualified and suitably experienced

A review of the CIPFA statement has taken place and no matters of concern were identified. The Head of Internal Audit reports to the Management Team and the Governance & Audit Committee on a regular basis in relation to audit and governance related matters.

The Council has in place an Internal Audit Charter which defines the terms of reference for Internal Audit by setting out the nature, role, responsibilities and authority of the Internal Audit service within the Council.

The Constitution identifies that the Chief Finance Officer is responsible for providing an efficient and effective Internal Audit service, which will comply with relevant legislation and best auditing practice.

11. Role of the Monitoring Officer

Objective: Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The Constitution covers the key statutory role and functions of the Monitoring Officer. It also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to undertake the role. The Monitoring Officer has confirmed that this is the case and he continues to review this. Appropriate training is delivered where needs are identified and the Officer has attended a number of training courses during 2017/18.

There is a specific job role which reflects the Monitoring Officer duties. The Monitoring Officer is line-managed by the Executive Director of Resources. No conflict of interest in this line management structure has been identified.

12. Role of the Head of Paid Service

Objective: Ensuring effective arrangements are in place for the discharge of the head of paid service function

The statutory provisions are included in The Constitution. The authority does not have a Chief Executive following a senior management review and restructure. This role is now undertaken by the Executive Director of Operations.

The Leader and the Executive Directors have agreed corporate objectives and key priorities for the year. Monitoring against progress is achieved via regular liaison between the relevant parties.

13. The Audit Committee

Objective: Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities

The Council maintains and operates a Governance & Audit Committee which is independent of the Policy Committees and the scrutiny function. Membership includes up to three Independent Members. The Committee receives training and has a defined work plan. Substitutes are not permitted unless the substitute has undertaken specific audit committee training.

The core functions of the Governance and Audit Committee are set out in The Constitution. Terms of reference are in line with CIPFA guidance and the Committee operates to these.

Some Audit Committee Members are also Members of the scrutiny committee. This arrangement has been agreed by Full Council.

14. Compliance with Laws and Regulations

Objective: Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Constitution and relevant job descriptions outline Officer, Member, Committee and Council responsibilities. The Council's statutory officers are the Head of Paid Service (Executive Director of Operations), the Section 151 Officer (Executive Director of Resources) and the Monitoring Officer (Strategic Lead for Democracy and Business Support). These officers are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedure. Counsel opinion may be obtained in certain circumstances and unusual transactions are referred to the External Auditor for consideration.

The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected Members where expenditure is likely to exceed resources. Where any proposal is unlawful, the Section 151 Officer, jointly with the Monitoring Officer, have a duty (should such a scenario arise) to produce a 'Section Five' report and inform the Head of Paid Service and External Audit.

The Management Team carry responsibility for ensuring that legislation and policy relating to service delivery and health and safety are implemented. A disciplinary process is in place for both staff and Members for any breaches.

The subject of 'Compliance' is detailed within the Council's strategic risk register. This demonstrates the importance the Council places on the requirement to comply with and/or correctly implement relevant statutory legislation.

Lincolnshire Legal Services hold a central library of all relevant legislation and are consulted when required. Departments take responsibility for receiving and operating to new legislative responsibilities as they arise with service and business planning providing opportunities to consider the implications and plan for legislative change.

Where relevant, expert legal advice is procured to support decision making, particularly in relation to delivery of projects supporting the growth and commercial plans. During 2017/18 the Council drew on expert legal advice in its negotiations and decision making relating to the appointment of a strategic development partner. Additionally, advice has been sought to ensure legal complexities were understood across a number of further projects related to economic growth and regeneration.

Legislation and Statutory Instruments are dealt with and assessed as they are received (from a range of sources including national email alert systems). Changes in legislation have been implemented successfully with no major issues arising.

The communication of local policies and procedures is embedded in a number of different ways such as SLT meetings and workshops, team briefings and local training. Officers ensure that they are aware of and comply with laws and regulations which are relevant to their roles. During 2017/18 refresher training on the Regulation of Investigatory Powers Act (RIPA) was provided for relevant staff.

The Council pays close attention to requirements relating to Information Governance and close working arrangements are in place with neighbouring authorities. Training packages have been provided for staff during the year via the Council's on-line training platform. The requirement to be compliant with the General Data Protection Regulations by May 2018, has been a focus during the year and a delivery plan is being worked through to achieve this. The Council's state of readiness was assessed by internal audit during 2017/18 and received a rating of substantial assurance. Best practice has been followed with the nomination

of officers to the roles of Senior Information Risk Officer (SIRO) and Senior Information Governance Officer (SIGO) and Data Protection Officer (DPO). The Corporate Information Governance Group meets regularly to review information governance related matters and developments.
The Governance and Audit Committee receive reports by Internal Audit which include review of compliance with legislation. This provides the Committee with an overview of compliance with policy and procedures and it can request attendance of managers to provide further assurance.

15. Whistleblowing Arrangements

Objective: Arrangements for whistle blowing and for receiving and investigating complaints from the public

The Council has in place a whistle blowing policy which is available for reference via the Council's web site and internal intranet and its existence and content is regularly communicated to staff. The Council also works in partnership with Lincolnshire County Council and fellow Lincolnshire authorities to develop and produce a County- wide 'Fighting Fraud' leaflet which is distributed to staff. Annual reports are presented to the Governance & Audit Committee on whistleblowing and more general customer feedback.

The Council also has in place a customer complaints, compliments and comments procedure. The procedure is available for view on the intranet and web site. When complaints are received an internal independent officer (Customer Experience Officer) is appointed to investigate and in certain circumstances an external appointment may be made. One of the key aspects of the policy is our desire to learn from complaints to rectify matters if required. Where appropriate, complaints that have been referred to the Ombudsman are brought to the attention of Management Team

16. Member and Officer Development

Objective: Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

A Member Development Plan is in place, however is in the process of being renewed in preparation for 2019 elections and subsequent induction processes. This will oversee the training and development requirements of the next administration. The existing and new plan are compiled from a number of sources:

- Requirements from The Constitution
- Areas for development recommended for each committee
- Feedback from Members
- Areas of interest
- Changes to the local government environment including legislation

Member training is also recorded to keep track of the training delivered and details of Member attendance. During the year, Members have received training on such matters as Treasury Management Strategy Scrutiny; Statement of Accounts Scrutiny; Code of Conduct, Data Protection, Licensing and Development Management related topics.

Staff surveys are undertaken on an annual basis and the content is used to develop appropriate training and to address any issues identified. Recent results of the staff survey were positive and reported improvements in all areas including, communication, motivation and general job satisfaction. It was also pleasing to report that absence due to sickness were at an all-time low. The Council is working to an approved Workforce Development Plan (currently being refreshed) and also has a Staff Engagement Group, drawn from staff across the Council. A Joint Staff Consultative Committee (JSCC) is in place consisting of staff members and Councillors and part of its remit is to review and approve staff related policies.

To improve the ability of managers with line management responsibility to fulfil their roles more effectively, the HR team have held a series of drop-in workshops where staff can raise issues and seek advice and guidance.

The Corporate Plan is communicated to staff and forms the golden thread for staff appraisals and work objectives for the forthcoming year and associated training/development needs. During 2017/18 much of the Council's training was delivered via an on-line learning and development tool.

17. Community and Stakeholder Engagement

Objective: Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council meets its statutory responsibilities with regard to engagement on budget setting by holding events with residents, parishes and businesses. The Council uses a variety of channels to communicate with the community and stakeholders for example:

- West Lindsey Citizen Panel through surveys and focus groups
- West Lindsey District Council website
- Focus groups with residents and local businesses
- E-surveys
- Local press
- Summits
- Social media

During 2017/18, the Council reviewed its usage of printed means of communication to achieve on-going effectiveness and value for money. The outcome of this was a move to electronic means of communication to replace the existing paper-based West Lindsey News.

Use of social media as a communication tool has rapidly increased. Presently the Council has over 8,000 social media followers.

The Council consults on key service changes and issues that may affect residents of the District. Topics consulted on during 2017/18 included:

- Proposed Public Space Orders
- Gainsborough Car Parking
- Garden Waste Service
- Local Council Tax Support Scheme
- Budget Consultation
- Shopping Trolley Consultation

During the year we also undertook surveys with service users (whether they are internal or external to the Council) to ascertain the levels of satisfaction with services. Results are used to develop our services to ensure they are delivering the level of service required by users.

The Council continues to actively support the Community Right to Bid initiative. During the year a number of applications from community groups have been received and considered with decisions fed back.

18. Partnership Governance

Objective: Enhancing the accountability for service delivery and effectiveness of other public service providers incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

To enhance the accountability for service delivery and effectiveness of other public service providers, the Challenge and Improvement Committee have continued with their programme of holding meetings with strategic partners to discuss their approach to addressing the strategic needs of the residents of the District. To this end the Committee focused on the issue of health during 2017/18 and set up a Health Commission to oversee the work. Over the course of the year a number of bodies operating in this field were consulted to detail the work they do, the issues they face and the aspects they feel need to be addressed.

Meetings held during the year have also seen Lincolnshire Police and local housing associations attend to present overviews of their work; the impact it is having on the general well-being of the District and the issues they face.

The Council recognises that effective partnership working is key to the achievement of successful outcomes, particularly in respect of addressing complex needs. Two key partnership arrangements (Choice Based Lettings and the ICT partnership with North Kesteven) have been the subject of audit during 2017/18 and both received positive findings.

Strategic partnership working is recognised by the Council as being integral to the achievement of its ambitions. Key partnerships have been formed in the areas of skills, economic development and regeneration to deliver growth and support business across the District. Partnership working is also evident in the form of the Joint Planning Unit (created to devise and deliver the Central Lincolnshire Local Plan) and the Council's participation in local enterprise partnerships. The creation of further partnerships are in the pipeline.

The Council's Management Team sponsored a review of all current partnership arrangements in place across the Council to ensure on-going relevance and effectiveness. In conducting this work, reference was made to the Audit Commission's 'Governing Partnerships' Report. The work involved the identification of the Council's key partnerships; their effectiveness and on-going relevance and put in place measures for the provision of regular reporting by the respective officer lead on the achievements, issues and future intentions of the relevant partnership. This assists in gauging whether any partnership is providing value for money. To provide guidance for staff a Partnership ACoP is in place. The Council's Partnership Register has been cleansed and populated with the up to date information.

Our current Contract Procedure Rules cover contract monitoring procedures and management of delivery. They were revised slightly during 2017/18 to reflect delegation arrangements and provide greater clarification in certain areas. The accountability of service providers is managed through contract management and work has been undertaken to ensure The Council has robust contract management procedures in place.

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