North Dorset District Council

Statement of Accounts

Year ended 31 March 2019

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Executive Director of Corporate Development and
S151 Officer of Dorset Council

CONTENTS

NARRATIVE STATEMENT

Introduction

North Dorset District Council's financial performance for the year ended 31 March 2019 is as set out in the Comprehensive Income & Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement. The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources such as government grants, council tax and business rates.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting the United Kingdom 2018/19 (the Code). It is the purpose of this report to explain, in an easily understandable way, the financial facts and performance in relation to North Dorset District Council.

This Statement of Accounts explains North Dorset District Council's (the Council) finances during the financial year 2018/19 and its financial position at the end of that year. It follows approved accounting standards and is therefore technical in parts.

The Narrative Statement seeks to clarify the relationship between the Council financial statements and other financial information North Dorset District Council reports externally.

Group Accounts

The Code requires Local Authorities to consider all their interests and to prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. North Dorset District Council does not have material interests in such bodies and accordingly is not required to prepare group financial statements.

(a) Expenditure and Funding Analysis - showing how annual expenditure is used and funded from resources.

(b) Comprehensive Income & Expenditure Statement - showing the net cost of operational services provided by the Council, and how those services are financed.

(c) Movement in Reserves Statement - showing the movement in the year on the different reserves held by the Council.

(d) Balance Sheet - showing the financial position of the Council on 31 March 2019 compared to the previous year, showing all assets and liabilities of the Council.

(e) Cash flow Statement - detailing the revenue and capital inflows and outflows of cash within the Council's accounts.

(f) Collection Fund - which identifies all transactions relating to the collection of Council Tax and Business Rates, including sums paid to precepting councils and passed to Central Government.

NARRATIVE STATEMENT

Key Facts and Challenges

North Dorset is a rural district renowned for its unspoilt countryside and lively market towns.

At 235 square miles North Dorset has a population of 69,300 that has grown by 10% over the last decade and is expected to continue to grow by 4% to 72,100 by 2021. Over 50% of residents live in villages and rural towns.

The proportion of the population that is of working age is increasing and is now around 60% and above the Dorset average. 22% of the population is over 65 and has increased considerably over the last decade whilst the 0-15 age group is decreasing.

Earnings are lower than average and the unemployment rate is low compared with rates nationally.

45% of employees work in the knowledge-driven industries and just 3% work in tourism based services sector. 9% of people in employment work from home and less than 1% get to work by public transport. The district has a much smaller number of employees who work in the public sector compared to other districts.

There are approximately 30,400 dwellings in North Dorset with over 39% owned outright. Average house prices are 9.9 times higher than earnings in North Dorset which means that younger people are moving out of the area because of the affordability gap between house prices and wages. 22% of houses being built are affordable.

The area has a rich rural environment and historic heritage with over 1900 listed buildings and over 39% of the district is covered by an Area of Outstanding Natural Beauty designation.

The Council has needed to make significant cuts to its budget at a time of increasing demand for some services.

The Corporate Plan for 2016-2019 lists the Council's priorities as:

Build a Stronger Local Economy

- Help to stimulate economic growth so that the district offers better jobs and prospects for local people.
- Increase the number of new homes built within the district.

Empower Thriving and Inclusive Communities

- Build strong, inclusive and sustainable communities that empower local people to influence and provide the services that matter most to them.
- Support vulnerable people so that they can live healthy and independent lives.

Improve Quality of Life

- Enhance the quality of life of people living and working in the district.
- Safeguard and provide opportunities to enjoy the natural and built environment now and in the future.

Develop Successful Partnerships

- Create a leaner and more focused organisation to protect the delivery of local services.
- Services that are shaped and focused on the needs of our customers.
- Partnerships that give the county a stronger voice to influence and shape Dorset’s prosperity.

NARRATIVE STATEMENT

Revenue Transactions

In February 2018 the Council set a balanced revenue budget for the 2018/19 financial year with a gross revenue spend of £27,301,873. After allowing for budgeted income of £22,287,541 the net funding requirement was set at £5,014,332.

During the year the Senior Leadership Team, Cabinet and Management Board has monitored the budget on a regular basis, challenging predicted outturns and the suggested actions to address variances.

The General Fund balance (which includes earmarked reserves) has decreased by £31,000.

The revenue outturn and movement in general fund balance for the year are compared to the current budget in the following table.

	Current Budget £'000	Net Expenditure £'000	Variance £'000
Assets & Infrastructure	125	324	199
Business Improvement	1,173	908	(265)
Community Protection	2,543	2,478	(65)
Democratic Services & Elections	447	402	(45)
Economy, Leisure & Tourism	781	795	14
Financial Services	1,217	1,300	83
Housing	305	227	(78)
Human Resources and Organisational Development	136	115	(21)
Legal Services	94	134	40
Community & Policy Development	457	445	(12)
Planning Development Management & Building Control	602	441	(161)
Revenues and Benefits	364	209	(155)
Net Cost of Services	**8,244**	**7,778**	**(466)**
Other Operating Expenditure	3,144	3,144	0
Financing and Investment (Income) and Expenditure	(306)	(265)	41
Taxation and Non-Specific Grant Income	(9,385)	(9,385)	0
Surplus on the Provision of Services	**1,697**	**1,272**	**(425)**
Adjustments between accounting and regulatory bases (see below)	(1,241)	(1,241)	0
Net decrease in General Fund Balances which includes Earmarked Reserves	**456**	**31**	**(425)**

General Fund Balances (including earmarked reserves)	
Balance brought forward 1st April 2018	(7,821)
Decrease in balances	31
Balance carried forward 31st March 2019	**(7,790)**

Adjustments between accounting and regulatory bases are detailed in the Movement in Reserves Statement and represent the differences in the treatment of certain transactions between accounting standards and statutory regulations. The Current Budget figures included above have been amended to eliminate the effect of such adjustments; this has no impact on the overall movement in the General Fund Balance.

When the Council set its budget for 2018/19 the total expenditure for the year was estimated to be £27,301,873. The Council has been working on a medium term approach to reducing costs and increasing income. This approach has resulted in savings being achieved ahead of time during previous financial years. There are, however, a number of areas where projects have been delayed for various reasons and after taking these into consideration the actual net spend for the year resulted in an under spend of £698,959 This balance will be added to the General Reserve and is available to support one off expenditure.

Capital Expenditure

The Council incurred capital expenditure of £168k during the year. The Council funded this capital spending from usable capital receipts.

Scheme	2018/19 Original Budget £'000	2018/19 Current Budget £'000	2018/19 Actual Expenditure £'000
Leisure Centre Improvements	41,130	41,130	0
Vehicle Loan Repayment	254,100	254,100	168,000
TOTAL	**295,230**	**295,230**	**168,000**

As part of the letting of the leisure contract in respect of Blandford Leisure Centre, the Council set aside a capital sum for work needed over the duration of the ten year contract. No works were identified during 2018/19 so this sum will be rolled forward into 2019/20. The remaining vehicle loan repayment will be made in 2019/20

NARRATIVE STATEMENT

Capital Financing

The Council's policy is to maximise the use of any Government supported borrowing, direct capital grants from Government and capital receipts from the sale of surplus assets, as well as unsupported borrowing when no other sources of finance are available. During 2018/19 the capital programme was financed by the following.

	Financing £'000
Capital Receipts	168,000
TOTAL	**168,000**

Capital Receipts

The Council disposed of its interest in a small car park, a depot and the cattle market in Shaftesbury during 2018/19. The Council received £994k for these sales and this sum has been added to the Useable Capital Receipts Reserve to fund future capital expenditure.

Unusual Transactions

There were no material or unusual transactions in 2018/19.

Material Assets Required and Liabilities Incurred

There were no material assets acquired in 2018/19.

The Council did not have any short term borrowing outstanding as at 31 March 2019.

Changes to Accounting Policies

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 (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

For 2018/19 the changes to accounting standards will not result in a change to the reported information in the net cost of services or the Surplus or Deficit on the Provision of Services.

Basis of preparation

The accounts for 2018/19 are prepared in accordance with:

- the Accounts and Audit Regulations 2015; and
- the CIPFA Code of Practice on Local Authority Accounting 2018/19.

This narrative statement provides context for the financial performance of the Council for the financial year and its financial position as at 31 March 2019. This includes an interpretation of the financial statements, including the Group Accounts, providing information on the major influences affecting the Council's income and expenditure and cash flow, and on the financial needs and resources of the Council.

The Statement of Accounts has explanatory notes, which provide further information.

NARRATIVE STATEMENT

Changes to Statutory Functions

There were no changes to statutory functions which had a significant impact on the accounts. The Council has voluntarily sought to share services with other Councils in Dorset to improve resilience and reduce costs. The main partnerships are:

The Council's internal audit functions are provided by South West Audit Partnership (SWAP). This is a group of Councils in the South West who have joined together to share skills in the delivery of internal audit services.

The Dorset Waste Partnership (DWP), administered by Dorset County Council, became responsible for waste collection and street cleansing in April 2011. The Council still meets its own costs of approximately £1.8 million per annum for these services. As part of this process, assets (such as vehicles), owned by the Council, transferred to Dorset County Council.

The Stour Valley Revenues and Benefits Partnership was originally formed to establish a shared service with East Dorset District Council and Christchurch Borough Council to provide revenues and benefits services and was implemented from 1 October 2010. This partnership was expanded to include Poole Borough Council to form The Stour Valley and Poole Partnership from 1 April 2015.

Significant Contingencies, Provisions and Write-Offs

The introduction of the new Business Rates Retention Scheme has meant that a provision for back dated appeals has needed to be created. The overall provision for appeals has been assessed to be £4,792,156 of which North Dorset District Council needs to set aside 40% which equates to £1,916,862.

Sundry debtors (invoices) are issued by a number of sections within the Council and are used to collect income for a variety of services. Examples include industrial unit, building control fees and housing benefit overpayments. Sundry debts are actively dealt with as and when they arise and in most instances are soon cleared. In accordance with good financial management principles the Council has made a provision for bad debts of £1,441,100. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered. An amount of £27,000 was written off against the bad debt provision during 2018/19. A register is kept of debts written off and the reason, so that if a debtor is traced in the future the debts may be pursued again. In addition a provision for bad debt that relates to the Collection Fund (Council Tax and Non-Domestic Rates) has also been made totalling £338,000 which means the total of all provisions for bad debt for North Dorset is £1,779,000

Compliance with the Code

The Council fully complies with the Code of Practice on Local Authority Accounting in United Kingdom.

NARRATIVE STATEMENT

Collection Fund

The average Band D Council Tax in 2018/19 was £126.96, representing an increase of £5 over 2017/18. Actual amounts billed total £51.7m of which 98.18% was collected in-year (compared to 98.29% in 2017/18), and after adjustments to the bad debt provision a surplus of £957k was shown. This was added to the surplus of £673k in the Council Tax Adjustment Account. The Council also collects Business Rates on behalf of Central Government, Dorset County Council and the Dorset Fire Authority. Actual rates billed total £14.2m of which 98.58% was collected in-year (compared to 99.45% in 2017/18), and after adjustments to the bad debt and appeal provisions a surplus of £1,139k was shown. This was offset against the Non-Domestic Rates Adjustment Account to be recovered over the next 2 years.

Pensions

The notes to the Core Financial Statements show the assets of the pension fund relating to the Council, as required by International Reporting Standard (IAS) 19. This has increased the costs shown against services in the Income and Expenditure Account and the effect is disclosed in Note 25 and Note 36 to the Core Financial Statements. Assets currently represent 68.6% of liabilities (67.3% 2017/18).

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The deficit on the pension fund is disclosed on the Balance Sheet under long term liabilities; the total liabilities of £60.219 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in an overall liability of £19.514 million (£19.582m at 31 March 2018). However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Non-Financial Performance

Set out in the table below is a summary of key non-financial performance indicators of the Council.

	Actual 2018/19 (full year data)	Target 2018/19	Actual 2017/18 (full year data)
Average number of working days lost to sickness	7.68 days	7 days	7.23 days
Percentage of creditors paid by BACS	98.39%	95.00%	99.61%
Percentage of non-disputed invoices paid within 30 calendar days	95.64%	95.00%	95.00%
Average calendar days to process new housing benefit claims	16.26 days	19 days	18.9 days
Average days to process housing benefit changes of circumstances	5.31 days	10 days	5.65 days
Percentage of Council Tax collected	98.18%	98.00%	98.29%
Percentage of Business Rates collected	98.58%	98.00%	99.45%
Percentage of "major" planning applications determined within 13 weeks or agreed extension of time.	85.29%	60.00%	86.85%
Percentage of "non major" planning applications determined within 8 weeks or agreed extension of time.	86.47%	70.00%	85.93%

Current Economic Climate

Despite the current adverse economic conditions, the Authority's robust approach to budgeting and budget monitoring through the business review has enabled the General Fund Balance to decrease by £31k. The General Fund Balance is £7,790k (including Earmarked Reserves) as at 31 March 2019. The Council has been working with the other Dorset Authorities to produce a balanced budget for the new unitary authority.

Local Government Reorganisation

On 26 February Sajid Javid, the Secretary of State for Housing, Communities and Local Government gave his approval for plans to create two new unitary councils in Dorset, replacing the existing nine councils. This change will help protect local services, generate further economic growth, reduce costs and provide brand-new, more efficient councils structured around communities. Subject to legislation, the new councils came into existence in April 2019.

One council covers Bournemouth, Christchurch and Poole, with the other serving the rest of Dorset. The parliamentary process begun to establish the new authorities and two separate, Joint Committees led the development of the new councils. Legal orders were concluded in June 2018 and Shadow Authorities were formed. Each Shadow Authority included the councillors from within the areas covered by the new authority and each elected a Shadow Executive responsible for making decisions until the first, direct elections for the new councils which took place in May 2019. When the new council came into force, North Dorset District Council transferred all its activities, assets and liabilities to the new council, and NDDC ceased to exist. As the functions of the Council are continuing in Dorset Council it is appropriate for the accounts to be prepared on a going concern basis.

Post Balance Sheet Events

The Local Government Pension Scheme (LGPS) introduced a new Career Average Revalued Earnings (CARE) benefit structure with effect from 1 April 2014. For members who were 10 years or less from Normal Retirement Age on 1 April 2012, an 'underpin' was provided based on the existing final salary scheme to provide transitional protection.

In December 2018, the Court of Appeal found that transitional protections in the pension schemes for firefighters and the judiciary resulted in unlawful age discrimination. The implications of the ruling are therefore expected to apply to all public sector schemes including the LGPS. The Government sought permission to appeal this decision to the Supreme Court but was subsequently denied on 27 June 2019. There remains, however, considerable uncertainty about the eventual remedy that may be put in place for the LGPS.

Nationally, the Government Actuary's Department (GAD) has estimated the potential impact to be between 0.1% and 3.2% of total LGPS active member liabilities, depending on various assumptions. The impact of an increase of 3.2% on active liabilities for North Dorset District Council equates to a potential increase in liabilities of approximately £603,000 as at 31 March 2019.

Locally, the impact on any given fund and its scheme employers could be significantly different. The Pension Fund's actuary, Barnett Waddingham, has calculated the estimated impact for North Dorset District Council as at 31 March 2019 to be 0.5% of total liabilities. This equates to a potential increase in liabilities of approximately £289,000.

North Dorset District Council has adjusted its accounts by the amount estimated using the GAD methodology of £603,000.

The unaudited Statement of Accounts were authorised for issue by the Executive Director of Corporate Development for Dorset Council on 31 May 2019.

Prior year restatement

The prior year has been restated in order to classify £3,300k from long-term creditors to short-term creditors these mainly related to s106 receipts.

Restatement of Comparatives in Notes 22 and Balance Sheet

Historically the Authority classified s106 receipts as long term creditors. However, as there are no contractual terms that result in long-term being appropriate these have been reclassified as short-term with the prior year comparatives being restated to be on a consistent basis.

Note 22. Creditors	**Original 17/18**	**Restated 17/18**
Other Payables	-100	-3,400
Balance Sheet As At 31 March 2018	**Original 17/18**	**Restated 17/18**
Short-term Creditors	-5,658	-8,958

Further Information

Further information about the accounts is available from the Financial Services Division, South Walks
The accounts have been audited by Deloitte LLP.

The unaudited accounts were issued on 31 May 2019 and the audited accounts were authorised for issue

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to:

● make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Corporate Development for Dorset Council, Aidan Dunn.

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

● approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer, known as the Strategic Director, is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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

● selected suitable accounting policies and then applied them consistently;
● made judgements and estimates that were reasonable and prudent; and
● complied with the local authority code.

The Chief Financial Officer has also:

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

The Chief Financial Officer should sign and date the Statement of Accounts, stating that it gives a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year then ended.

CERTIFICATION OF THE STATEMENT OF ACCOUNTS 2018/2019

The Statement of Accounts is prepared in accordance with the provisions of the Account and Audit Regulations 2003 issued under section 27 of the Audit Commission Act 1998 and by section 66(4) of the Local Government and Housing Act 1989.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2019 and its income and expenditure for the year then ended.

Aidan Dunn

Executive Director of Corporate Development for Dorset Council

Date: 31-May-19

RE-CERTIFICATION PRIOR TO APPROVAL AT ACCOUNTS & AUDIT COMMITTEE MEETING

The Council's accounts were not approved at the Audit & Governance Committee meeting on 29th July 2019. At that meeting, authority to sign the accounts was given to the Chair of the Audit & Governance Committee to sign the accounts once they had completed audit review.

Aidan Dunn

Executive Director of Corporate Development for Dorset Council

Date: 16-Dec-19

Certification by the Chairman of the Audit and Governance Committee

I confirm that authority to sign these accounts, once they had completed audit review, was delegated to me, as Chair of the Audit & Governance Committee by the Committee at the meeting held on 29 July 2019:

Signed on Behalf of North Dorset District Council:

Chair of the meeting approving the accounts: Cllr M Hall

Date: 17-Dec-19

Independent Auditor's report to the Members of North Dorset District Council

Report on the Audit of the Financial Statements

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements of North Dorset District Council ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its 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 2018/19.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Balance Sheet;
- the Movement in Reserves Statement;
- the Cash Flow Statement;
- the related notes 1 to 37; and
- the Collection Fund.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2018/19).

Basis for qualified opinion

Property, plant and equipment

As at 31 March 2019 and 31 March 2018 property plant and equipment balances were carried at £10.60m and £11.31m respectively.

The Authority has incorrectly netted off land and building revaluation movements where they relate to the same site in the current and prior year. In accordance with the CIPFA code these are required to be treated as separate assets for valuation purposes. We were unable to obtain sufficient appropriate audit evidence about the revaluation reserve and capital adjustment account as at 31 March 2018 and 31 March 2019. Consequently, we were unable to determine whether any adjustments to unusable reserves are necessary.

The Authority has adopted a revaluation cycle in relation to property therefore not all property assets are revalued on an annual basis. We were unable to obtain sufficient appropriate audit evidence about revaluation movements between the most recent valuation dates and the year end. Consequently, we were unable to determine whether any adjustments to the property values were necessary.

Non-Domestic Rates (NDR) Appeals Provision

As at 31 March 2019 and 31 March 2018 the NDR provision was £1.92m and £1.15m respectively.

The Authority recognises a provision in relation to their share of the appeals raised against the non-domestic rates it collects on behalf of itself and other entities as part of the Authority's collection fund. We were unable to obtain sufficient appropriate audit evidence in relation to the yearend balance. Consequently, we are unable to conclude that the provisions held are held appropriately in line with the CIPFA code. There is a potential that this may be material.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's report to the Members of North Dorset District Council

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Chief Financial Officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties

that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified in relation to a number of issues relating to property, plant and equipment. This is also not disclosed in the Narrative Report and accordingly we have concluded that the other information is materially misstated for the same reason.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibiities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorresponsibilities. The description forms part of our auditor's report.

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, North Dorset District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 North Dorset 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 North Dorset District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we are required to report by exception

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; or
- 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.

Independent Auditor's report to the Members of North Dorset District Council

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of North Dorset District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

USE OF OUR REPORT

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.

Michelle Hopton (Appointed auditor)
For and on behalf of Deloitte LLP
Bristol, United Kingdom
16 January 2020

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, 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 directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18				2018/19		
Net Expenditure Chargeable to the General Fund	**Adjustment between Funding and Accounting Basis**	**Net Expenditure in C I E S**		**Net Expenditure Chargeable to the General Fund**	**Adjustment between Funding and Accounting Basis**	**Net Expenditure in C I E S**
(216)	(695)	479	Assets & Infrastructure	102	(222)	**324**
1,083	(85)	1,168	Business Improvement	847	(61)	**908**
2,013	(238)	2,251	Community Protection	2,241	(237)	**2,478**
383	(15)	398	Democratic Services & Elections	389	(13)	**402**
184	(446)	630	Economy, Leisure & Tourism	691	(104)	**795**
962	(299)	1,261	Financial Services	1,168	(132)	**1,300**
284	(47)	331	Housing	178	(49)	**227**
106	(14)	120	Human Resources and Organisational Development	102	(13)	**115**
83	(18)	101	Legal Services	111	(23)	**134**
218	(49)	267	Community & Policy Development	402	(43)	**445**
316	(153)	469	Planning Development Management & Building Control	298	(143)	**441**
258	(1)	259	Revenues and Benefits	209	0	**209**
5,674	(2,060)	7,734	**Net Cost of Services**	6,738	**(1,040)**	**7,778**
(7,444)	(471)	(6,973)	Other income and Expenditure	(6,707)	(201)	**(6,506)**
0	0	0	Transfer between reserves			
(1,770)	(2,531)	761	**(Surplus) or deficit**	31	**(1,241)**	**1,272**
(6,051)			**Opening Balance General Fund 1st April**	(7,821)		
(1,770)			**(Surplus)/Deficit for the year**	31		
(7,821)			**Closing Balance General Fund 31st March**	**(7,790)**		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2017/18				2018/19		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
1,219	(740)	479	Assets & Infrastructure	936	(612)	324
1,189	(21)	1,168	Business Improvement	922	(14)	908
2,612	(361)	2,251	Community Protection	2,626	(148)	2,478
656	(258)	398	Democratic Services & Elections	438	(36)	402
783	(153)	630	Economy, Leisure & Tourism	980	(185)	795
1,407	(146)	1,261	Financial Services	1,403	(103)	1,300
562	(231)	331	Housing	622	(395)	227
120	0	120	Human Resources and Organisational Development	115	0	115
196	(95)	101	Legal Services	246	(112)	134
499	(232)	267	Community & Policy Development	523	(78)	445
1,328	(859)	469	Planning Development Management & Building Control	1,432	(991)	441
17,289	(17,030)	259	Revenues and Benefits	14,556	(14,347)	209
27,860	**(20,126)**	**7,734**	**Cost of Services**	**24,799**	**(17,021)**	**7,778**
2,801	0	2,801	Other Operating Expenditure (Note 12)	3,144	0	3,144
553	(553)	0	Financing and Investment Income and Expenditure (Note 13)	663	(928)	(265)
0	(9,774)	(9,774)	Taxation and Non-Specific Grant Income (Note 14)	0	(9,385)	(9,385)
31,214	**(30,453)**	**761**	**(Surplus) or Deficit on the Provision of Services**	**28,606**	**(27,334)**	**1,272**
		(1,549)	Surplus on Revaluation of Non-Current Assets			(7)
		184	Deficit on Revaluation of Available-for-Sale Financial Assets			0
		(3,250)	Remeasurement of the net defined benefit liability			(1,145)
		(4,615)	**Other Comprehensive Income**			**(1,152)**
		(3,854)	**Total Comprehensive Income**			**120**

MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance	Capital Receipts Reserve	**Total Usable Reserves**	Unusable Reserves	**Total Authority Reserves**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Comparative Year					
Balance as at 31 March 2017	**6,051**	**2,212**	**8,263**	**(7,696)**	**567**
Movement in Reserves during 2017/18					
Total Comprehensive Income and Expenditure during 2017/18	(761)	0	**(761)**	4,615	**3,854**
Adjustments between accounting basis and funding basis under regulations (Note 10)	2,531	(80)	**2,451**	(2,451)	**0**
Increase/(Decrease) in 2017/18	**1,770**	**(80)**	**1,690**	**2,164**	**3,854**
Balance as at 31 March 2018 carried forward	**7,821**	**2,132**	**9,953**	**(5,532)**	**4,421**
Current Year					
Movement in Reserves during 2018/19					
Total Comprehensive Income and Expenditure 2018/19	(1,272)	0	**(1,272)**	1,152	**(120)**
Adjustments between accounting basis and funding basis under regulations (Note 10)	1,241	994	**2,235**	(2,235)	**0**
(Decrease)/Increase in 2018/19	**(31)**	**994**	**963**	**(1,083)**	**(120)**
Balance as at 31 March 2019 carried forward	**7,790**	**3,126**	**10,916**	**(6,615)**	**4,301**

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 is 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 may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2018 Restated £'000		Notes	31 March 2019 £'000
	Property, Plant & Equipment	15	
10,399	Other Land and Buildings		9,701
53	Vehicles, Plant, Furniture and Equipment		29
200	Infrastructure		198
156	Community Assets		156
500	Surplus Assets	16	515
11,308			10,599
0	Heritage Assets		0
1,800	Investment Property	17	1,800
0	Intangible Assets		0
0	Long-term Investments		0
535	Long-term Debtors	18	268
13,643	**Long-term Assets**		12,667
13,812	Short-term Investments	18	18,652
946	Assets held for sale	21	0
0	Inventories		0
941	Short-term Debtors	19	750
4,859	Cash and Cash Equivalents	20	5,068
20,558	**Current Assets**		24,470
(68)	Bank Overdraft	20	(23)
(8,958)	Short-term Creditors	22	(11,382)
(1,172)	Provisions	23	(1,917)
(10,198)	**Current Liabilities**		(13,322)
(19,582)	Pension Liability	36	(19,514)
(19,582)	**Long-term Liabilities**		(19,514)
4,421	**Net Assets**		**4,301**
	Usable Reserves	24	
3,023	General Fund		2,770
4,798	Earmarked Reserves		5,020
7,821		11	7,790
2,132	Capital Receipts Reserve		3,126
9,953			10,916
	Unusable Reserves	25	
3,643	Revaluation Reserve		2,563
243	Pooled Fund Adjustment Account		266
(19,582)	Pensions Reserve		(19,514)
10,410	Capital Adjustment Account		9,836
(204)	Collection Fund Adjustment Account		273
(42)	Accumulated Absences Account		(39)
(5,532)			(6,615)
4,421	**Total Reserves**		**4,301**

The restatement has been detailed in note 22.

The unaudited accounts were issued on 31st May 2019 and the audited accounts were authorised for issue on 16th December 2019.

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 the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2017/18 £'000		**2018/19 £'000**
(761)	Net deficit on the Provision of Services	(1,272)
2,775	Adjustments to Net Deficit on Provision of Services for non-cash movements. (Note 26)	3,694
(187)	Adjustments for items included in Net Surplus or Deficit on Provision of Services that are investing and financing activities. (Note 23)	(1,162)
1,827	Net Cash Flows from Operating Activities (Note 26)	**1,260**
(2,346)	Investing Activities (Note 27)	(3,644)
1,070	Financing Activities (Note 28)	2,638
551	Net Increase in Cash	**254**
4,240	Cash and Cash Equivalents at the beginning of the reporting period	4,791
4,791	Cash and Cash Equivalents at the end of the reporting period (Note 20)	**5,045**

1. ACCOUNTING POLICIES

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 supported by the International Financial Reporting Standards (IFRS).

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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Income from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Both Non Domestic Rates (NDR) and Council Tax are accounted for on an agency basis. For NDR this means that the Council is dealing with the collection of business rates on behalf of the Government, Dorset County Council and Dorset Fire Authority as well as for North Dorset. For Council Tax the Authority is collecting precepts on behalf of Dorset County Council, Dorset Police and Fire Authorities as well as North Dorset District Council Precepts. The accounts reflect the amount that is attributable to North Dorset only. Further information is contained within the Collection Fund Accounts.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short term investments held for cash flow purposes that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

iv. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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 (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.
Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.
IFRS 9 and 15 have been adopted within the year. The impact has been disclosed separately where appropriate.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding 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; and
- 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 Authority in accordance with statutory guidance. 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 Non-domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves.

Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

For council tax, the Council is collecting precepts on behalf of Dorset County Council, Dorset Police and Crime Commissioner and Dorset and Wiltshire Fire and Rescue Authority as well as North Dorset District Council.

For NDR, this means that the Council is dealing with the collection of business rates on behalf of the Government, Dorset County Council and Dorset and Wiltshire Fire and Rescue Authority as well as North Dorset District Council.

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii. Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the 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.

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 Non Distributed Costs and are included in the Financial Services line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme administered by Dorset County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Dorset County Council pension scheme attributable to the Authority 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return of high quality corporate bonds. The discount rate is the annualised yield at the 17 year point on the Merrill Lynch AA rated bond curve.
- The assets of the Dorset County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price
  - unquoted securities - professional estimate
  - unitised securities - current bid price
  - property - market value
- The change in the net pensions liability is analysed into six components:
  - *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
  - *past service cost* - the increase or decrease in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
  - *net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority* – 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.

- Remeasurements Comprising:

  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- *contributions paid to the Dorset County Council pension fund* - cash paid as employer's contributions to the pension fund in settlement of liabilities - not accounted for as an expense.

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

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.

ix. Events After the Reporting Period

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

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

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

Financial assets are classified into two types:

- Loans and Receivables - assets that have fixed or determinable payments but are not quoted in an active market;
- Available-for-Sale Assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

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 their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, 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 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 derecognition 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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at a fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and 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 derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be 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 and contributions for which conditions have not been satisfied are carried in the Balance Sheet as a creditor. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Section 106 Agreements

Section 106 receipts are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities provided as a result of that permission. The sums are restricted to being spent only in accordance with the agreement concluded with the developer. Such receipts are treated as third party contributions in accordance with the above policies.

xii. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. 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.

xiii. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

The Authority is involved in two such operations - the Stour Valley and Poole Partnership (which administers Council Tax, Business Rates and Housing Benefits) and the Tri-Council Partnership with West Dorset District Council and Weymouth and Portland Borough Council.

xiv. 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

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.

xv. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2017/18. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received.

xvi. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

- the purchase price; and
- 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 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. 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. The council has a de-minimis capitalisation value of £10,000.
Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, 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; and
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

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

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where a valuation is completed it is as at 1 April of the relevant financial year.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and
- 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); and
- 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. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Depreciation is calculated using the straight-line method;
- Newly acquired assets (excluding IT costs that are depreciated in the year of acquisition) are depreciated from the following year, although assets in the course of construction are not depreciated until they are brought into use; and
- Depreciation periods are disclosed in Note 15 to the Core Financial Statements.

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable 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 losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

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

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

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

xvii. 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 a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority 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 (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

xviii. Reserves

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

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

xix. 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 Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

xx. 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.

xxi. Componentisation

The Code requires the Council to separate the recognition, depreciation and de-recognition of two or more major components of non-current assets, where the useful lives are estimated to be substantially different, in accordance with IAS 16. Under the code componentisation is prospective. Components with material separate useful lives will be identified at the next valuation and depreciation calculated separately when a component is enhanced or replaced. Componentisation will only be applied to significant components of material items of Property, Plant and Equipment. Assets are deemed to be material and considered for componentisation when the cost or value in the balance sheet is at least £300,000 (approximately 2% of total non-current assets as at 31.3.12) and the component is at least 20% of the non-current asset.

xxii. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets (and some of its financial instruments) at fair value. 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 measured 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 the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The 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 authority'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 including 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

The Council is required to disclose information relating to the impact of changes in accounting practice on the financial statements that will occur as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council. The following standards have been issued but not yet adopted:

Amendments to IAS40 Investment Property: Transfers of Investment Property;

Annual Improvements to IFRS Standards 2014 - 2016 Cycle;

IFRIC 22 Foreign Currency Transactions and Advance Consideration;

IFRIC 23 Uncertainty over Income Tax Treatments; and

Amendments IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation.

All of these standards will be incorporated into the Code from 2019/20 and will be complied with by the Council. However, none have material impact for the Council and none warrant specific disclosure in these accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

(i) There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision. The Dorset Councils partnership, Stronger Together transformation project, is working towards maintaining services whilst meeting the challenge of reducing funding levels.

(ii) Consideration has been given to the relationship with all potential entities and the related party transactions are shown within Note 33 to the Core Financial Statements. There are no entities where the Council's interest is such that it would give rise to the requirement to prepare group accounts. This position is reviewed and updated on an annual basis.

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

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

The items in the Council's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Property, Plant and Equipment	Assets are re-valued by an external valuer on a periodic basis. The result of these valuations can see the value of the Council's assets increase or decrease depending on a number of factors such as current market conditions.	The Council will need to show a loss or gain on disposal of an asset if the carrying value is different to the receipt obtained at the time of the sale.
Non Domestic Rates	The Local Government Finance Act 2012 introduced a business rates retention scheme that enables local authorities to retain a proportion of the business rates generated in their area. As billing authority, the Council has to make provision for refunding rate payers who have successfully appealed against the rateable value of their property on the rating list. The scheme is still in its infancy and making a reliable assumption on the level of successful appeals is difficult. Due to Local Government Reorganisation there has been a loss of knowledge relating to the judgements and estimates in relation to the March 2019 provision. Management will be taking a detailed review of the provision in relation to March 2020.	Failure to accurately predict the level of refunds will have an impact on the general fund and other preceptors.
Distribution of Collection Fund Balances	The distribution of the balance relating to Council Tax on the Collection Fund is estimated based on the relative precepts of the authorities paid from the fund. The distribution of the balance relating to National Non Domestic Rates on the Collection Fund is calculated according to income sharing percentages set by the Government under the Business Rate Retention Scheme.	Any distribution of the balances held on the Collection Fund will impact directly on the Council's General Fund balances. Any deficit for example, will need to be made good in future periods.

Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured and are set out in a sensitivity analysis in the IAS19 report from the Actuary. However, the assumptions interact in complex ways.
Housing Benefits	Housing Benefit Subsidy income has been estimated on the basis of an unaudited draft final claim. The audit may reveal errors in the compilation of the claim which could result in the subsidy being materially increased or reduced. The subsidy claim is complex and errors in individual cells could have a significant impact on the overall claim.	The Council has not set aside an amount from reserves to mitigate the impact of any adverse changes in subsidy income as a result of the audit and any changes will be adjusted in future years using reserves.
Income	The Council relies heavily on fees and charges to balance its budget.	A reduction in income of £26,057.10 is the equivalent of a £1 increase in Council Tax for a Band D property.
Debtors	At 31 March 2019, the Council's outstanding balance for sundry debtors was £585,466. A provision for impairment has been made based on the number of days an invoice has been outstanding. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, there would be a greater charge to the Comprehensive Income and Expenditure Statement for uncollected debts.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of Income and Expense that have not been disclosed on the face of the Comprehensive Income and Expenditure Statement.

6. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Strategic Director on 31 May 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 1st April 2019 all the functions and services of North Dorset DC transferred to a new organisation, Dorset Council, under Local Government re-organisation in Dorset Council. As the functions of the Council are continuing in Dorset Council it is appropriate for the accounts to be prepared on a going concern basis.

Nordon, an old manor house and grounds, is the former head office of North Dorset DC. Upon joining the Dorset Councils Partnership, and services being relocated, it was classified as a surplus asset. By a small majority the Council voted to dispose of it to a Social Housing Provider to develop social housing. There were several objections to the scheme and when outline planning permission was sought there was a request to The Secretary of State at The Department for the Environment, Transport and the Regions (DETR). for it to be "called in" for review by his department under planning legislation. As at 31st March 2019 consideration was given to reclassify it as Assets Held for Sale. However, due to the objections to the proposed scheme there was serious doubt that a sale would be achieved within a 12 month period and management decided that classification as a Surplus Assets was still appropriate. Since the Balance Sheet date DETR has decided not to call it in and outline planning permission has been granted. It is still not certain that a sale will occur within 12 months due to the objectors raising further objections when full planning application is sought. If the anticipated objections are satisfied and full planning permission is granted it is expected that the sale will conclude in 2019/20. The carrying value as a surplus asset as at 31 March 2019 is £2.1m. An assessment by the Estates Manager is that as an Asset Held for Sale the carrying value as at 31 March 2019 is likely to have been £2.3m, based on the likely selling price in an arms-length transaction.

The Local Government Pension Scheme (LGPS) introduced a new Career Average Revalued Earnings (CARE) benefit structure with effect from 1 April 2014. For members who were 10 years or less from Normal Retirement Age on 1 April 2012, an 'underpin' was provided based on the existing final salary scheme to provide transitional protection.

In December 2018, the Court of Appeal found that transitional protections in the pension schemes for firefighters and the judiciary resulted in unlawful age discrimination. The implications of the ruling are therefore expected to apply to all public sector schemes including the LGPS. The Government sought permission to appeal this decision to the Supreme Court but was subsequently denied on 27 June 2019. There remains, however, considerable uncertainty about the eventual remedy that may be put in place for the LGPS.

Nationally, the Government Actuary's Department (GAD) has estimated the potential impact to be between 0.1% and 3.2% of total LGPS active member liabilities, depending on various assumptions. The impact of an increase of 3.2% on active liabilities for North Dorset District Council equates to a potential increase in liabilities of approximately £603,000 as at 31 March 2019.

Locally, the impact on any given fund and its scheme employers could be significantly different. The Pension Fund's actuary, Barnett Waddingham, has calculated the estimated impact for North Dorset District Council as at 31 March 2019 to be 0.5% of total liabilities. This equates to a potential increase in liabilities of approximately £289,000.

North Dorset District Council has adjusted its accounts by the amount estimated using the GAD methodology of £603,000.

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments between Funding and Accounting Basis 2018/19

	Adjustment for Capital Purposes (Note a) £'000	Net change for the pension adjustment (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000
Assets & Infrastructure	(192)	(30)	0	(222)
Business Improvement	0	(61)	0	(61)
Community Protection	(168)	(69)	0	(237)
Democratic Services & Elections	0	(13)	0	(13)
Economy, Leisure & Tourism	(96)	(8)	0	(104)
Financial Services	0	(135)	3	(132)
Housing	0	(49)	0	(49)
Human Resources and Organisational Development	0	(13)	0	(13)
Legal Services	0	(23)	0	(23)
Community & Policy Development	0	(43)	0	(43)
Planning Development Management & Building Control	0	(143)	0	(143)
Revenues and Benefits	0	0	0	0
	(456)	(587)	3	(1,040)
Other income and expenditure	(212)	(490)	501	(201)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	**(668)**	**(1,077)**	**504**	**(1,241)**

NOTES TO THE ACCOUNTS

Adjustments between Funding and Accounting Basis 2017/18 (Comparative)

	Adjustment for Capital Purposes (Note a) £'000	Net change for the pension adjustments (Note b) £'000	Other Differences (Note c) £'000	Total Adjustments £'000
Assets & Infrastructure	(662)	(33)	0	(695)
Business Improvement	(23)	(62)	0	(85)
Community Protection	(166)	(72)	0	(238)
Democratic Services & Elections	0	(15)	0	(15)
Economy, Leisure & Tourism	(440)	(6)	0	(446)
Financial Services	(102)	(182)	(15)	(299)
Housing	0	(47)	0	(47)
Human Resources and Organisational Development	0	(14)	0	(14)
Legal Services	0	(18)	0	(18)
Community & Policy Development	0	(49)	0	(49)
Planning Development Management & Building Control	0	(153)	0	(153)
Revenues and Benefits	0	(1)	0	(1)
	(1,393)	(652)	(15)	(2,060)
Other income and expenditure	187	(553)	(105)	(471)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the provision of services	**(1,206)**	**(1,205)**	**(120)**	**(2,531)**

(a) Adjustment for capital purposes adds in depreciation, impairment and revaluation gains/losses in the service line, as well as an adjustment for capital disposals within other operating expenditure, the statutory charge for capital financing (MRP) within financing and investment income, and capital and revenue grants in taxation and non-specific grant income and expenditure.

(b) The net change for pension adjustments removes pension contributions and adds in IAS19 expenditure and income. For services this represents the removal of employer pension contributions and replace with current service costs and past service costs. For financing and investment income and expenditure this is the net interest on the defined liability.

(c) Other differences include the timing difference between recognition of discounts and premium in financing and investment income and expenditure and the timing differences on recognition of council tax and NDR receipts.

8. SEGMENTAL INCOME NOTE

Income received on a segmental basis is analysed below:

	Income from Services 2018/19 £'000	Income from Services 2017/18 £'000
Housing Benefits	(14,159)	(16,862)
Planning Development Control	(841)	(718)
Car Parking	(616)	(650)
Revenues and Benefits Partnership	(188)	(169)
Blandford Leisure Centre	(185)	(153)
Choice Based Lettings	(184)	(164)
Building Control	(150)	(140)
Licensing	(119)	(116)
Land Charges	(112)	(94)
Unbudgeted Grants	(92)	0
Neighbourhood Planning	(80)	(20)
Direct Leasing - Property	(78)	0
Home Improvement Agency	(47)	0
Bed & Breakfast Accommodation	(30)	(33)
Grants to Run Elections	(27)	(244)
Homelessness Prevention	(27)	0
Commercial Assets	(24)	(47)
Refuse Collection	0	(230)
Gillingham Area Development	0	(174)
Planning Policy	0	(30)
Operational Assets	0	(30)
Other Income	(62)	(252)
	(17,021)	(20,126)

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2018/19	2017/18
	£'000	£'000
Expenditure		
Employee benefits expenses	4,658	4,683
Net Pension Interest Costs	490	553
Other services expenses	18,696	21,842
Depreciation, amortisation and impairment and Revaluations	1,830	1,393
Precepts and levies	2,932	2,744
Total Expenditure	28,606	31,215
Income		
Fees and Charges	(3,206)	(3,369)
Other Service Grants and Contributions	(13,815)	(16,758)
Income in relation to investment properties	(97)	(108)
Interest and Investment Income	(831)	(445)
Income from council tax and non-domestic rates	(7,048)	(6,779)
Non-Specific Government Grants and Contributions	(2,337)	(2,995)
Total Income	(27,334)	(30,454)
Deficit on the provision of services	1,272	761

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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to paid and out of which all liabilities of the authority 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.

	Usable Reserves	
	General Fund Balance	Capital Receipts Reserve
	£'000	£'000
2018/19		
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:		
Pensions costs (transferred to (or from) the Pensions Reserve)	1,077	0
Financial instruments (transferred to the Financial Instruments Adjustments Account)	(23)	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(477)	0
Holiday pay (transferred to the Accumulated Absences Reserve)	(3)	0
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)	1,830	0
Total Adjustments to Revenue Resources	**2,403**	**0**
Adjustments between Revenue and Capital Resources		
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1,162)	1,162
Total Adjustments between Revenue and Capital Resources	**(1,162)**	**1,162**
Adjustments to Capital Resources		
Use of the Capital Receipts Reserve to finance capital Expenditure	0	(168)
Total Adjustments to Capital Resources	**0**	**(168)**
Total Adjustments	**1,241**	**994**

	Usable Reserves	
	General Fund Balance	Capital Receipts Reserve
	£'000	**£'000**
2017/18 Comparative		
Adjustments to the Revenue Resources		
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:		
Pensions costs (transferred to (or from) the Pensions Reserve)	1,204	0
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	106	0
Holiday pay (transferred to the Accumulated Absences Reserve)	14	0
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)	1,393	0
Total Adjustments to Revenue Resources	**2,718**	**0**
Adjustments between Revenue and Capital Resources		
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(187)	187
Total Adjustments between Revenue and Capital Resources	**(187)**	**187**
Adjustments to Capital Resources		
Use of the Capital Receipts Reserve to finance capital Expenditure	0	(267)
Total Adjustments to Capital Resources	**0**	**(267)**
Total Adjustments	**2,531**	**(80)**

11. TRANSFERS TO/FROM THE GENERAL FUND (INCLUDES EARMARKED RESERVES)

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserves to meet General Fund expenditure in 2018/19.

	Balance at 1 April 2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance at 31 March 2018 £'000	Transfers Out 2018/19 £'000	Transfers In 2018/19 £'000	Balance at 31 March 2019 £'000
Economic Growth Fund	121	(24)	0	97	(97)	0	0
Gold Hill Reserve	13	0	0	13	0	0	13
IER Ring-fenced Grant	0	0	13	13	0	0	13
Grants Reserve	16	0	30	46	0	4	50
Blandford Leisure Centre Utilities Reserve	50	0	0	50	0	0	50
Dorset Home Choice Reserve	0	0	24	24	(24)	54	54
Legal Reserve	58	0	0	58	0	0	58
Community Development SLA	60	0	0	60	0	0	60
Development Services Improvement Plan	72	0	0	72	0	0	72
Neighbourhood Plan	70	(23)	20	67	(27)	60	100
Gillingham Area Development	0	(32)	189	157	(41)	0	116
Homelessness Prevention	15	0	95	110	(95)	164	179
Transformation Reserve	200	0	0	200	0	0	200
Community Housing Reserve	238	(3)	0	235	(20)	0	215
Invest to Save	223	(3)	0	221	0	0	221
Planning Policy studies	23	0	0	23	(17)	220	226
IT Reserve	264	0	0	264	0	0	264
Council Restructuring (Redundancy Costs)	400	0	0	400	0	0	400
Business Rate Retention Scheme	589	0	416	1,005	(163)	0	842
Treasury Reserve	327	0	245	572	0	274	846
Support for Revenue Budget	1,111	1	0	1,111	(70)	0	1,041
General Fund	2,201	(159)	981	3,023	(1,082)	829	2,770
TOTAL GENERAL FUND BALANCES	**6,051**	**(243)**	**2,013**	**7,821**	**(1,636)**	**1,605**	**7,790**

12. OTHER OPERATING EXPENDITURE

	2018/19	2017/18
	£'000	£'000
Parish council precepts	2,932	2,744
(Gains)/losses on disposal of non-current assets	212	57
TOTAL	**3,144**	**2,801**

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2018/19	2017/18
	£'000	£'000
Interest payable and similar charges	40	0
Loss on Fair Value of Treasury Assets	133	0
Gain on Fair Value of Treasury Assets	(157)	0
Net Pension interest costs	490	553
Interest receivable and similar income	(674)	(445)
Income and expenditure in relation to investment properties and changes in their fair value	(97)	(108)
TOTAL	**(265)**	**0**

14. TAXATION AND NON-SPECIFIC GRANT INCOME

	2018/19	2017/18
	£'000	£'000
Council tax income	(6,370)	(6,057)
Non-domestic rates income and expenditure	(678)	(722)
Non-ring-fenced government grants	(2,337)	(2,995)
TOTAL	**(9,385)**	**(9,774)**

15. PROPERTY, PLANT AND EQUIPMENT

Movements on Balances

Movements in 2018/19

	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Cost or Valuation						
At 1 April 2018	10,602	383	239	156	500	**11,880**
Additions	0	0	0	0	0	**0**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(109)	0	0	0	0	**(109)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(73)	0	0	0	15	**(58)**
Derecognition - disposals	(335)	(77)	0	0	0	**(412)**
At 31 March 2019	**10,085**	**306**	**239**	**156**	**515**	**11,301**
Accumulated Depreciation and Impairment						
At 1 April 2018	(203)	(329)	(40)	0	0	**(572)**
Depreciation charge	(205)	(23)	(2)			**(230)**
Depreciation written out to the Revaluation Reserve	8	0	0	0	0	**8**
Derecognition - disposals	16	76	0	0	0	**92**
At 31 March 2019	**(384)**	**(276)**	**(42)**	**0**	**0**	**(702)**
Net Book Value						
At 31 March 2019	**9,701**	**30**	**197**	**156**	**515**	**10,599**
At 31 March 2018	**10,399**	**54**	**199**	**156**	**500**	**11,308**

Comparative Movements in 2017/18

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Total Property, Plant and Equipment
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or Valuation						
At 1 April 2017	10,881	2,172	260	271	1,025	**14,609**
Additions	0	0	0	0	0	**0**
Revaluation increases recognised in the Revaluation Reserve	1,146	0	0	0	0	**1,146**
Revaluation (decreases) recognised in the Surplus/Deficit on the Provision of Services	(699)	0	0	0	(400)	**(1,099)**
Asset Reclassification (to) held for sale	(955)					**(955)**
Derecognition - disposals	(31)	(1,790)	0	0	0	**(1,821)**
Reclassification	260	0	(20)	(115)	(125)	**0**
At 31 March 2018	**10,602**	**382**	**240**	**156**	**500**	**11,880**
Accumulated Depreciation and Impairment						
At 1 April 2017	(874)	(2,045)	(37)	0	0	**(2,956)**
Depreciation charge	(211)	(46)	(3)	0	0	**(260)**
Depreciation written out to the Revaluation Reserve	402	0	0	0	0	**402**
Depreciation written out to the Surplus/Deficit on the Provision of Services	468	0	0	0	0	**468**
Asset Reclassification to held for sale	9	0	0	0	0	**9**
Derecognition - disposals	3	1,762	0	0	0	**1,765**
At 31 March 2018	**(203)**	**(329)**	**(40)**	**0**	**0**	**(572)**
Net Book Value						
At 31 March 2018	**10,399**	**53**	**200**	**156**	**500**	**11,308**

Depreciation

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

- Buildings owned by the Council – between 5 and 45 years as advised by the valuer.
- Buildings leased by the Council – the term of the lease.
- Infrastructure Assets – 100 years.
- Public Conveniences – between 15 and 20 years as advised by the valuer.
- Children’s Play Equipment – 8 years.
- Plant and Equipment – normally 3 to 5 years, or a more appropriate period dependent upon the type of asset acquired.
- Intangible Assets – 3 years.

Capital Commitments

The Council does not have any major capital commitments

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant & Equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out externally by consultants GVA Grimley Ltd in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. During 2018/19 they were acquired by Avison Young Ltd who took over the valuation contract. In the year of valuation the asset is valued as at 1st April.

	Other Land and Buildings	Vehicles, Plant and Equipment	Surplus Assets	Total
	£'000	**£'000**	**£'000**	**£'000**
Carried at historical cost	354	30	0	384
Valued at fair value as at:				
31 March 2019	5,496	0	0	5,496
31 March 2018	4,204	0	515	4,719
31 March 2017	0	0	0	0
31 March 2016	0	0	0	0
31 March 2015	0	0	0	0
Total Cost or Valuation	**10,054**	**30**	**515**	**10,599**

16. SURPLUS ASSETS

The class of assets "held for sale" has strict criteria that need to be met before an asset can be included under its heading. Assets that are not in use but do not meet these criteria will be categorised as surplus assets. Surplus assets need to be shown in the balance sheet based on their "Fair Value Measurement". Fair value is a measurement based on 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.

International Financial Reporting Standard 13 (IFRS 13) seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. Details of these levels can be found within the accounting policies.

All the Council's surplus assets have been value assessed as Level 2 of the fair value hierarchy for valuation purposes. The fair value of surplus assets has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year. In estimating their fair value, the Council's surplus assets have been valued to their highest and best use.

The movement in the value of surplus assets are analysed below:

	2018/19	2017/18
	£'000	**£'000**
Balance at start of year	500	1,025
Reclassified to Operational	0	(125)
Net gains/(losses) from fair value adjustment	15	(400)
Balance at end of the year	**515**	**500**

17. INVESTMENT PROPERTY

Investment Properties comprises land or buildings held solely to earn rentals or for capital appreciation or both, rather than for use in the supply of services or for administrative purposes. Investment Properties need to be shown in the balance sheet based on their "Fair Value Measurement". Fair value is a measurement based on 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.

International Financial Reporting Standard 13 (IFRS 13) seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. Details of these levels can be found within the accounting policies.

All the Council's investment properties have been value assessed as Level 2 of the fair value hierarchy for valuation purposes. The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio.

There has been no change in the valuation techniques used during the year. In estimating their fair values, the Council's investment properties have been valued at their highest and best use.

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

The movement in the fair value of investment properties are analysed below:

	2018/19	2017/18
	£'000	£'000
Balance at start of year	1,800	1,970
Disposals	0	(170)
Balance at end of the year	**1,800**	**1,800**

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

18. FINANCIAL INSTRUMENTS

(a) Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The Council's financial liabilities held during the year are measured at amortised cost and comprised:

- loans from the Public Works Loans Board;
- overdraft with HSBC Bank;
- lease payables detailed in note 35; and
- trade payables for goods and services received.

The Council did not have any long term or short term borrowing outstanding as at 31 March 2019.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following two classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
    - cash in hand;
    - bank current and deposit accounts with UK banks;
    - deposits with the UK Government;
    - lease receivables detailed in note 35; and
    - trade receivables for goods and services provided.
- Fair value through profit and loss (all other financial assets) comprising:
    - money market funds;
    - pooled bond, equity and property funds.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

(b) Financial Instruments - Balances

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

Categories of Financial Instruments

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

	Long Term		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£'000	£'000	£'000	£'000
Financial Liabilities				
Loans at amortised cost:				
- Bank overdraft	0	0	23	68
Total Cash Overdrawn	**0**	**0**	**23**	**68**
Liabilities at amortised cost:				
- Trade payables	0	253	1,698	1,717
Included in Creditors	**0**	**253**	**1,698**	**1,717**
Total Financial Liabilities	**0**	**253**	**1,721**	**1,785**

The creditors lines on the Balance Sheet include £6.541m (2017/18: £3.941m) short-term creditors and £3.143m (2017/18: £3.047m) other long-term liabilities that do not meet the definition of a financial liability as they relate to non-exchange transactions.

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

	Long Term		Current	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018 Restated
	£'000	£'000	£'000	£'000
Financial Assets				
At amortised cost:				
- Principal	0	0	4,250	500
- Accrued interest	0	0	0	0
- Loss allowance	0	0	0	0
Available-for-sale				
- Principal at amortised cost	0	0	0	13,000
- Accrued interest	0	0	0	70
- Loss allowance	0	0	0	0
- Fair value adjustment	0	0	0	242
At fair value through profit & loss:				
- Fair value	0	0	14,402	0
Total Investments	**0**	**0**	**18,652**	**13,812**
At amortised cost:				
- Principal	0	0	2,064	1,858
- Accrued interest	0	0	4	1
- Loss allowance	0	0	-	-
Available-for-sale				
- Principal at amortised cost	0	0	-	3,000
At fair value through profit & loss:				
- Fair value	0	0	3,000	-
Total Cash and Cash Equivalents	**0**	**0**	**5,068**	**4,859**
At amortised cost:				
- Trade receivables	268	535	668	474
- Loss allowance	0	0	(166)	(140)
At fair value through profit & loss:				
- Fair value	0	0	0	0
Included in Debtors	**268**	**535**	**502**	**334**
Total Financial Assets	**268**	**535**	**24,222**	**19,005**

The debtors lines on the Balance Sheet include £0.247m (2017/18: £0.607m) short-term debtors that do not meet the definition of a financial asset as they relate to non-exchange transactions.

(c) Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Assets			
	Amortised Cost	Fair Value through Profit & Loss	2018/19 Total	2017/18 Total
	£'000	£'000	£'000	£'000
Losses from changes in fair value	0	133	133	0
Interest payable and similar charges	**0**	**133**	**133**	**0**
Interest income	(33)	0	(33)	(43)
Dividend income	0	(622)	(622)	(402)
Gains from changes in fair value	0	(157)	(157)	0
Interest and investment income	**(33)**	**(779)**	**(812)**	**(445)**
Net impact on surplus/deficit on provision of services	**(33)**	**(646)**	**(679)**	**(445)**
Gains on revaluation	0	0	0	(300)
Losses on revaluation	0	0	0	115
Impact on other comprehensive income	**0**	**0**	**0**	**(185)**
Net Gain/(Loss) for the Year	**(33)**	**(646)**	**(679)**	**(630)**

(d) Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2019, using the following methods and assumptions:

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

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

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

	Fair Value Level	Balance Sheet 31.3.2019 £000s	Fair Value 31.3.2019 £000s	Balance Sheet 31.3.2018 £000s	Fair Value 31.3.2018 £000s
Financial liabilities held at amortised cost:					
Long-term trade payables	2	0	0	253	253
Total		**0**	**0**	**253**	**253**
Liabilities for which fair value is not disclosed		1,721		1,532	
Total Financial Liabilities		**1,721**		**1,785**	
Recorded on balance sheet as:					
Bank overdraft		23		68	
Short-term creditors		1,698		1,717	
Total Financial Liabilities		**1,721**		**1,785**	

The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

	Fair Value Level	Balance Sheet 31.3.2019 £000s	Fair Value 31.3.2019 £000s	Balance Sheet 31.3.2018 £000s	Fair Value 31.3.2018 £000s
Financial assets held at fair value:					
Money market funds	1	3,000		3,000	
Bond, equity and property funds	1	14,000		13,242	
Long-term loans to local authorities	3	268	268	535	535
		17,268	17,268	16,777	16,777
Total					
Assets for which fair value is not disclosed *		7,201		2,638	
Total Financial Assets		**24,469**		**19,415**	
Recorded on balance sheet as:					
Long-term debtors		268		535	
Short-term debtors		504		317	
Short-term investments		18,652		13,812	
Cash and cash equivalents		5,045		4,751	
Total Financial Assets		**24,469**		**19,415**	

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

(e) Financial Instruments - Risks

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- *Credit Risk:* The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- *Liquidity Risk:* The possibility that the Council might not have the cash available to make contracted payments on time.
- *Market Risk:* The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Treasury Investments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £5m is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £2.5m applies. The Council also sets limits on investments in certain sectors. No more than £65m can be invested for a period longer than one year.

The credit quality of £2m (2017/18: £6m) of the Council's investments is enhanced by collateral held in the form of covered bonds collateralised by residential mortgages. The collateral significantly reduces the likelihood of the Council suffering a credit loss on these investments.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

	31.3.2019		31.3.2018	
Credit Rating	**Long-term £000s**	**Short-term £000s**	**Long-term £000s**	**Short-term £000s**
AA	0	3,855	0	2,874
AA-	0	946	0	966
Total	**0**	**4,801**	**0**	**3,840**
Credit risk not applicable	0	18,896	0	14,763
Total Investments and cash	**0**	**23,697**	**0**	**18,603**

Credit risk is not applicable to money market funds and other pooled funds where the Council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 122% to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent. At 31st March 2019, £nil (2018: £nil) of loss allowances related to treasury investments.

Credit Risk: Trade and Lease Receivables and Contract Assets

The policy on managing the credit risk in trade receivables and contract assets is set out in the terms and conditions

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The following analysis summarises the Council's trade receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

	2019 £'000	2018 £'000
30 to 60 Days	14	16
60 to 90 Days	2	2
More than 90 Days	217	196
	233	**214**

Receivables are collectively assessed for credit risk in the following groupings:

	Range of allowances set aside	31.3.2019		31.3.2018	
		Gross receivable	Loss allowance	Gross receivable	Loss allowance
		£'000	£'000	£'000	£'000
< 30 Days	0%	12	0	4	0
30+ Days	0%	14	0	16	0
60+ Days	5%	2	0	2	0
90+ Days	20%	6	1	8	2
120+ Days	20%	9	2	22	3
150+ Days	50%	55	27	46	20
365+ Days	75%	148	136	120	115
Totals		**246**	**166**	**218**	**140**

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans.

The maturity analysis of financial instruments is as follows:

	31.3.2019			31.3.2018		
Time to maturity	**Liabilities**	**Assets**	**Net**	**Liabilities**	**Assets**	**Net**
(years)	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Not over 1	1,721	(10,467)	(8,746)	1,785	(6,430)	(4,645)
Over 1 but not over 2	0	(268)	(268)	253	(535)	(282)
Uncertain date	0	(13,755)	(13,755)	0	(12,575)	(12,575)
Total	**1,721**	**(24,490)**	**(22,769)**	**2,038**	**(19,540)**	**(17,502)**

The Council invests in pooled funds which have no defined maturity date.

Market Risks: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise;
- borrowings at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates. At the Councils borrowing and interest-bearing investments are at variable rates or mature within one year.

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

	31.3.2019 £000s	31.3.2018 £000s
Increase in interest payable on variable rate borrowings	0	0
Increase in interest receivable on variable rate investments	(90)	(47)
Decrease in fair value of investments held at FVPL	165	0
Impact on Surplus or Deficit on the Provision of Services	**75**	**(47)**
Decrease in fair value of available for sale investments	0	178
Impact on Comprehensive Income and Expenditure	**75**	**131**
Decrease in fair value of loans and investments at amortised cost *	1	0
Decrease in fair value of fixed rate borrowing *	0	0

*No impact on Comprehensive Income and Expenditure.

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

Market Risks: Price Risk

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £4m. A 5% fall in commercial property prices at 31st March 2019 would result in a £0.196m (2018: £0.139m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a pooled equity funds is subject to the risk of falling share prices. This risk is limited by the Council's maximum exposure to equity investments of £2m per fund. A 5% fall in share prices at 31st March 2019 would result in a £0.264m (2018: £0.265m) charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2018. The main changes include the reclassification and remeasurement of financial assets and the earlier recognition of the impairment of financial assets and the remeasurement of modified loan liabilities.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements, and the effect of the remeasurement is instead shown as an additional line in the Movement in Reserves Statement. The changes made on transition to the balance sheet are summarised below:

	IAS 39 31.3.18	Reclassi-fication	IFRS 9 1.4.18
Financial Assets			
Investments			
L&R /Amortised cost	500	0	500
Available for sale / FVOCI	13,312	(13,312)	0
FVPL	0	13,312	13,312
Total investments	**13,812**	**0**	**13,812**
Debtors			
L&R /Amortised cost	334	0	334
Total debtors	**334**	**0**	**334**
Cash & cash equivalents			
L&R /Amortised cost	1,858	0	1,858
Available for sale / FVOCI	3,000	(3,000)	0
FVPL	0	3,000	3,000
Total cash & equivalents	**4,858**	**0**	**4,858**
Total Financial Assets	**19,004**	**0**	**19,004**
Financial Liabilities			
Bank Overdraft			
Amortised cost	(68)	0	(68)
Creditors			
Amortised cost	(1,970)	0	(1,970)
Total Financial Liabilities	**(2,038)**	**0**	**(2,038)**
Net Financial Assets	**16,966**	**0**	**16,966**

L&R: Loans and receivables; FVOCI: fair value through other comprehensive income; FVPL: fair value through profit and loss.

	IAS 39 31.3.18	Reclassi-fication	IFRS 9 1.4.18
Reserves			
Usable Reserves			
General Fund	7,821	0	7,821
Housing Revenue Account	0	0	0
Other usable reserves	2,132	0	2,132
Total usable reserves	**9,953**	**0**	**9,953**
Unusable Reserves			
Available for sale reserve	243	(243)	0
Capital adjustment account	10,410	0	10,410
Deferred capital receipts	0	0	0
FI adjustment account	0	0	0
Pooled fund adjustment a/c	0	243	243
Other unusable reserves	(16,185)	0	(16,185)
Total unusable reserves	**(5,532)**	**0**	**(5,532)**
Total Reserves	**4,421**	**0**	**4,421**

FI: Financial instruments

The Council's £1.782m provision for doubtful debtors calculated under IAS 39 as at 31st March 2018 has been supplemented by the £0.000m entry shown in the above tables to give a total impairment loss allowance of £1.782m under IFRS 9 as at 1st April 2018.

19. DEBTORS

	2018/19	2017/18
	£'000	£'000
Trade Receivables	668	474
Prepayments	0	2
Debtors for Local Taxation - Council Tax	246	233
Debtors for Local Taxation - NNDR	168	132
Debtors for Costs Associated with Council Tax and NNDR	274	293
Housing Benefit Overpayments	1,080	1,161
Other receivable amounts	93	428
Sub-Total	**2,529**	**2,723**
Provision for Impairment		
Trade Receivables	(166)	(140)
Debtors for Local Taxation - Council Tax	(194)	(181)
Debtors for Local Taxation - NNDR	(144)	(143)
Debtors for Costs Associated with Council Tax and NNDR	(235)	(243)
Housing Benefit Overpayments	(1,040)	(1,075)
Other receivable amounts	0	0
Sub-Total	**(1,779)**	**(1,782)**
Total	**750**	**941**

20. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents is made up of the following elements at the Balance Sheet date:

	2018/19	2017/18
	£'000	£'000
Cash held by the Authority	0	1
Bank Current Accounts	158	142
Money Market Funds	3,002	4,001
Call Accounts	1,908	715
Total Cash and Cash Equivalents Balance included within current assets	**5,068**	**4,859**
Bank Overdrawn	(23)	(68)
Total Cash and Cash Equivalents Balance	**5,045**	**4,791**

21. ASSETS HELD FOR SALE

During the year the Council disposed of the cattle market in Shaftesbury.

	2018/19	2017/18
	£'000	£'000
Balance as at 1st April	946	0
Revaluation	109	0
Disposal	(1,055)	0
Re-classification from Property, Plant and Equipment	0	946
	0	**946**

22. CREDITORS

	2018/19	2017/18 Restated
	£'000	£'000
Trade Creditors	(1,569)	(1,651)
Income in Advance	(24)	(26)
Amounts relating to the Collection Fund due to precepting/billing bodies	(3,165)	(2,273)
Amount due to Central Government	(3,352)	(1,608)
Other Payable	(3,272)	(3,400)
	(11,382)	**(8,958)**

The prior year has been restated to reclassify the long term creditor balances to short-term

23. PROVISIONS

	NNDR Appeals £'000	Staff Exit Costs £'000	Total £'000
2018/19			
Balance at 1 April 2018	(1,137)	(35)	(1,172)
Utilisation of Provision	102	35	137
Additional Provisions made in 2018/19	(882)	0	(882)
Balance at 31 March 2019	**(1,917)**	**0**	**(1,917)**
2017/18 Comparatives			
Balance at 1 April 2017	(657)	(13)	(670)
Utilisation of Provision	363	13	376
Additional provisions made in 2017/18	(843)	(35)	(878)
Balance at 31 March 2018	**(1,137)**	**(35)**	**(1,172)**

NNDR Appeals Provision

When the new arrangements for the retention of business rates came into effect on 1 April 2013, local authorities assumed the liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

Previously, such amounts would not have been recognised as expenditure by the authorities, but would have been transferred to the Department for Communities and Local Government (DCLG).

The timing in relation to the cash outflows relating to this provision are uncertain.

Staff Exit Costs

This represents a provision for the Council's share of staff exit costs arising from the Dorset Councils Partnership. The provision is based on the best estimate of the amount required to settle the present obligation arising from redundancies which were approved and communicated to the members of staff concerned prior to 31st March 2018.

24. USABLE RESERVES

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement and Note 10.

25. UNUSABLE RESERVES

	31 March 2019 £'000	31 March 2018 £'000
Revaluation Reserve	2,563	3,643
Pooled Fund Adjustment Account	266	243
Capital Adjustment Account	9,836	10,410
Financial Instruments Adjustment Account		
Deferred Capital Receipts Reserve		
Pensions Reserve	(19,514)	(19,582)
Collection Fund Adjustment Account	273	(204)
Accumulated Absences Account	(39)	(42)
Total Unusable Reserves	**(6,615)**	**(5,532)**

Revaluation Reserve

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

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

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

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Balance at 1 April		3,643		2,107
Upward revaluation of assets	256		2,570	
Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(249)		(1,022)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		7		1,548
Difference between fair value depreciation and historical cost depreciation	(5)		(12)	
Accumulated gains on assets sold or scrapped	(1,082)	(1,087)	0	(12)
Balance at 31 March		**2,563**		**3,643**

Pooled Fund Adjustment Account

The Pooled Fund Adjustment Account 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; or
- disposed of and the gains are realised.

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Balance at 1 April		243		427
Upward revaluation of investments	157		0	
Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	(134)		(184)	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		23		(184)
Balance at 31 March		**266**		**243**

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 a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Balance at 1 April		10,410		11,524
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	(230)		(260)	
Amortisation of Intangible Assets	0		(7)	
Revaluation losses on Property, Plant and Equipment	(58)		(632)	
Revenue expenditure funded from capital under statute	(168)		(267)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,374)		(227)	
		(1,830)		(1,393)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		0		0
Total Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		**(1,830)**		**(1,393)**
Adjusting amounts written out of the Revaluation Reserve		1,087		12
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	169		267	
		169		267
Balance at 31 March		**9,836**		**10,410**

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.

	2018/19		2017/18	
	£'000	**£'000**	**£'000**	**£'000**
Balance at 1 April		(19,582)		(21,628)
Remeasurement of the net defined benefit liability/(asset)		1,145		3,250
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(1,813)		(1,926)	
Employer's pensions contributions and direct payments to pensioners payable in the year	736		721	
		(1,077)		(1,204)
Balance at 31 March		**(19,514)**		**(19,582)**

Collection Fund Adjustment Account

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

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Balance at 1 April		(204)		(98)
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statement is different from NDR income calculated for the year in accordance with statutory requirements	83		(225)	
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	394		119	
		477		(106)
Balance at 31 March		**273**		**(204)**

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.

	2018/19		2017/18	
	£'000	£'000	£'000	£'000
Balance at 1 April		(42)		(28)
Settlement or cancellation of accrual made at the end of the preceding year	42		28	
Amounts accrued at the end of the current year	(39)		(42)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		3		(14)
Balance at 31 March		**(39)**		**(42)**

26. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2018/19 £'000	2017/18 £'000
Interest receivable and similar income	608	(438)
Interest paid	(40)	0
	568	**(438)**

Adjustments to Net Surplus or Deficit on Provision of Services for non-cash movements

	2018/19 £'000	2017/18 £'000
Depreciation	230	260
Amortisation of Intangible Fixed Assets	0	7
Impairment and downward valuations	58	632
Increase/(Decrease) in Creditors	788	75
(Increase)/Decrease in Debtors	(522)	(132)
(Increase)/Decrease in Inventories	0	0
(Increase)/Decrease in Provisions	746	501
Movement in Pension Liability	1,076	1,205
Carrying amount of Non-current Assets sold or derecognised	1,374	227
Other non-cash items charged to the net surplus or deficit on the provision of services	(56)	0
	3,694	**2,775**

Adjustments for items included in Net Surplus or Deficit on Provision of Services that are investing and financing activities

	2018/19 £'000	2017/18 £'000
Proceeds from the sale of Non-current Assets	(1,162)	(187)
	(1,162)	**(187)**

27. CASH FLOW STATEMENT - INVESTING ACTIVITIES

	2018/19 £'000	2017/18 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	0	0
Purchase of Short Term and Long Term Investments	(4,750)	(2,500)
Other Payments for Investing Activities	(827)	(489)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,162	187
Other Receipts from Investing Activities	771	456
Net Cash Flows from Investing Activities	**(3,644)**	**(2,346)**

28. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	2018/19 £'000	2017/18 £'000
Billing Authorities and Precepting Authorities Collection Fund Adjustments	2,638	1,070
Net Cash Flows from Financing Activities	**2,638**	**1,070**

29. MEMBERS' ALLOWANCES

The Council paid the following amount to Members of the Council during the year.

	2018/19 £'000	2017/18 £'000
Allowances	230	221
Expenses	18	18
Total	248	239

30. OFFICERS' REMUNERATION

There is a legal requirement to disclose, by name, any employee whose salary is greater than £150,000.

North Dorset District Council was a member of the Dorset Council's Partnership which also includes West Dorset District Council and Weymouth and Portland Borough Council. Weymouth and Portland Borough Council was the employing council for the partnership with costs being split on a proportionate basis between the three Councils.

The following tables set out the remuneration disclosures for Dorset Councils partnership senior officers as required by the Accounts and Audit Regulations 2015. The total costs are shared on a proportionate basis.

During the year Mr. Prosser was appointed Chief Executive designate for Dorset Council which came into being on 1st April 2019. He was employed by Weymouth and Portland BC and transferred to Dorset Council under TUPE on 1st April 2019. During this period Mr. Caundle acted as Head of the Paid Service.

The following tables set out the remuneration disclosures for senior officers whose salary is between £50,000 and £150,000 per year.

Post holder		Salary, Fees and Allowances £	Bonuses £	Expenses Allowances £	Compensation for Loss of Office £	Pension contributions £	Total £
Matt Prosser	2017/18	132,613	0	0	0	20,290	152,903
(Chief Executive)	2018/19	150,132	0	0	0	22,970	173,102
Jason Vaughan	2017/18	98,849	0	0	0	15,124	113,973
(Strategic Director)	2018/19	100,726	0	0	0	15,411	116,137
Stephen Hill	2017/18	93,849	0	0	0	14,359	108,208
(Strategic Director)	2018/19	95,726	0	0	0	14,646	110,372
Martin Hamilton	2017/18	93,849	0	0	0	14,359	108,208
(Strategic Director)	2018/19	80,626	0	0	0	12,336	92,962
Mr. Hamilton resigned in January 2019							
Stuart Caundle	2017/18	89,709	0	0	0	13,725	103,434
(Assistant Chief Executive)	2018/19	93,585	0	0	0	14,318	107,903

The partnership's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Total remuneration	Number of Employees 2017/18	Number of Employees 2018/19
Between £50,000 and £54,999	2	1
Between £55,000 and £59,999	3	1
Between £60,000 and £64,999	2	3
Between £65,000 and £69,999	7	3
Between £70,000 and £74,999	0	6

The number of exit packages for the partnership's other employees with total cost per band are set out in the table below. The costs have been shared with the other partners on a proportionate basis, which may vary between employees.

Exit package cost band	Number of Compulsory Redundancies		Number of Other Departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Between £0 and £20,000	6	3	4	3	10	6	74,923	66,876
£20,001 and £40,000	3	2	1	1	4	3	118,923	78,191
£40,001 and £60,000	2	2	0	0	2	2	94,524	102,477
£60,001 and £80,000	1	0	0	0	1	0	73,588	0
£80,001 and £100,000	1	0	0	0	1	0	85,587	0
£100,001 and £150,000	0	1	0	0	0	1	0	147,305
					18	12		

31. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections. (The appointed external auditor was Deloitte LLP in 2018/19 and KPMG during 2017/18).

	2018/19 £'000	2017/18 £'000
Fees payable to external auditor with regard to external audit services carried out by the appointed auditor for the year	31	40
Fees payable to external auditor for the certification of grant claims and returns	0	8
Fees payable in respect of other services provided by the external auditor	0	0
Total	**31**	**48**

32. GRANT INCOME

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2018/19:

	2018/19 £'000	2017/18 £'000
Credited to Taxation and Non Specific Grant Income and Expenditure		
Revenue Support Grant	183	395
New Homes Bonus Scheme Grant	820	1,438
S31 Business Rate Grant	1,029	902
Rural Services Grant	305	245
Other grants and contributions	0	15
Total	**2,337**	**2,995**
Credited to Services		
Housing Benefits Subsidy	13,105	15,515
Housing Benefit / LCTS Administration Grants	213	230
NNDR Administration Grant	91	92
Blandford Leisure Centre Contributions	89	88
Other Revenues and Benefits Grant Funding	83	71
Neighbourhood Planning Grant	80	0
Council Tax Discount for Family Annexes	47	40
Discretionary Housing Payments	41	55
Custom Build Grant	30	0
Flexible Homelessness Support Grant	26	75
Levy Account Surplus Grant	25	0
EU Preparation Exit Grant	17	0
National Community Clean Up	12	0
Local Authority Parks Improvement Funding	11	0
Transparency Code Set Up Grant	8	8
Brownfields Register	4	0
Other Housing Grants	1	0
Grant for Elections / Referendums	0	244
Preventing Homelessness Grant	0	27
Total	**13,883**	**16,445**
Capital Grants Credited to Services	**47**	**0**

33. RELATED PARTIES

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

Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, Housing Benefits). Grants received from government departments are set out in the subjective analysis in Note 9 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2019 are shown in Debtors Note 19.

Members

Members of the Council have direct control over the council's financial and operating policies. The total of Members' allowances paid in 2018/19 is shown in Note 29. The Monitoring Officer keeps a register of Members' interests which is available for public inspection. No Council Member had an interest in any contract let by the Council during the year.

Officers

The Council has a code of conduct for Officers. All are required to declare to the Monitoring Officer any secondary employment and other interests which may conflict with their employment with the Council. The declaration is reviewed annually through the staff development interview process. The Monitoring Officer also keeps a record of politically restricted posts.

Dorset Councils Partnership

Dorset Councils Partnership is a collaboration between Weymouth and Portland Borough Council, West Dorset District Council and North Dorset District Council. One body of staff provide services to all three Councils. The Chief Executive acts as Chief Executive for all three Councils as does the Senior Leadership team. The staff are employed by Weymouth and Portland BC. Each Council retains its sovereignty and costs are shared on a proportionate basis.

PSP North LLP

On 1st February 2017 the Council entered into a limited liability partnership with PSP Facilitating Ltd to add value to and dispose of surplus assets. The Council and PSP Facilitating Ltd are equal partners. The partnership is governed by a Members' Agreement and Procedure Agreement.

South West Audit Partnership (SWAP)

The Council is a Member of SWAP. This is a group of Councils in the South West who have joined together to share skills in the delivery of internal audit services. Jason Vaughan, Strategic Director, representing West Dorset District Council, Julie Strange, Head of Finance, representing Weymouth and Portland Borough Council and Johnathan Symes, Financial Resources Manager, representing North Dorset District Council, served as directors during the year.

Stour Valley and Poole Partnership

Included in the Council's Income and Expenditure Account are the Council's share of costs relating to the Stour Valley and Poole Revenues and Benefits Partnership. This partnership formed on 1 January 2015 and administers Council Tax and business rates collection and the award of housing and Council Tax benefit for East Dorset District Council, North Dorset District Council, Christchurch Borough Council and Poole Borough Council. Poole Borough Council host the service, employing all the staff and charge the other partners their share of costs. Prior to this the Stour Valley Partnership provided these services for East Dorset, North Dorset and Christchurch and was hosted by East Dorset. Costs of the Stour Valley and Poole Partnership are split 49% to Poole and 51% to the original Stour Valley Partnership members, who further share this element of the cost on the 36:32:32 basis. During the year £944k was paid to the Stour Valley and Poole Revenues and Benefits Partnership for its core services and additional enforcement service. (£895k in 2017/18). In addition the partnership provides a front of house service at the Nordon site in Blandford (£42k).

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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.

	2018/19 £'000	2017/18 £'000
Opening Capital Financing Requirement	0	0
Capital Investment		
Property, Plant, Infrastructure & Equipment	0	0
Revenue Expenditure Funded from Capital under Statute	168	267
Sources of Finance		
Capital Receipts	(168)	(267)
Government Grants and other contributions	0	0
Direct Revenue Contributions	0	0
Closing Capital Financing Requirement	**0**	**0**

35. LEASES

Council as Lessee

The Council as a Lessee – Finance Leases

The Council currently has no finance leases that require separate disclosure within its Statement of Accounts.

Operating Leases

The Council uses a range of leased vehicles in carrying out the various services it undertakes that are financed under terms of operating leases: the amount charged to revenue in 2018/19 under these arrangements was £1,865 (£1,913 in 2017/18).

Council as Lessor

Operating Leases

The Council leases out Investment Property under operating leases in order to generate rental income.
The future minimum lease payments due under non-cancellable leases in future years are:

	Investment Property	
	31 March 2019	31 March 2018
	£'000	£'000
Not later than one year	96	96
Later than one year and not later than five years	385	435
Later than five years	6,260	6,357
	6,741	**6,888**

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.

36. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

Under the shared services partnership employees are employed by Weymouth and Portland Borough Council. This disclosure note refers to the Councils share of current service costs and historic deficits.

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

Principal Risks

The principal risks to the authority of the scheme are longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to General Fund the amounts required by statute as set out in the accounting policies in note 1.

Discretionary Post-retirement Benefits

Discretionary Post-retirement Benefits on early retirement are an unfunded benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to Post-employment Benefits

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

	2018/19	**2017/18**
Comprehensive Income and Expenditure Statement	**£'000**	**£'000**
Cost of Services		
Current Service cost	1,233	1,250
Administration Expenses	33	27
Past Service costs	57	96
(gain)/loss from settlements	0	0
Financing and Investment Income and Expenditure		
Net Interest Expense	490	553
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	**1,813**	**1,926**
Other Post Employment Benefit charged or (credited) to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	794	967
Actuarial gains and losses arising on changes in demographic assumptions	3,191	0
Actuarial gains and losses arising on change in financial assumptions	(2,237)	2,284
Experience loss / gain on defined benefit obligation	0	0
Other	0	0
Total Remeasurement of the net defined benefit liability shown in Other Comprehensive Income and Expenditure	**1,748**	**3,251**
Total post-employment benefits charged to the Comprehensive Income and expenditure Statement	**3,561**	**5,177**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(1,813)	(1,926)
Actual amount charged against the General Fund Balance for pensions in the year: Employers' contribution payable to scheme	736	722
Total post-employment benefits reversed in the Movement in Reserves Statement	**(1,077)**	**(1,205)**

As part of the shared services partnership between the Council and Weymouth and Portland Borough Council, the Weymouth and Portland Borough Council is the employer for all staff.

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance sheet arising from the authority's obligation in respect of its defined benefit plans is set out below. Following the Triennial re-valuation of the pension fund, the actuary set the amount that needs to be paid into the fund over the next 3 years with the aim of eliminating the deficit over the medium term.

	2018/19	2017/18
	£'000	£'000
Present Value of the funded defined benefit obligation	(59,467)	(59,076)
Fair Value of Plan Assets	41,308	40,316
Net Liability	**(18,159)**	**(18,760)**
Present Value of the unfunded obligation	(1,355)	(822)
Net Liability in Balance Sheet arising from defined benefit obligation	**(19,514)**	**(19,582)**

Reconciliation of the Movement in the Fair Value of Scheme Assets

	2018/19 £'000	2017/18 £'000
Opening fair value of scheme assets	40,316	38,877
Interest income	1,019	990
Remeasurement gain/loss		
Return on plan assets, excluding the amount included in the net interest expense	794	967
Other actuarial gains and losses	0	0
Contributions from employers	736	721
Contributions from employees into the scheme	217	210
Administration Expenses	(33)	(27)
Estimated benefits paid plus unfunded net of transfers in	(1,741)	(1,422)
Settlement prices received / (paid)	0	0
Closing balance at 31 March	**41,308**	**40,316**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

	2018/19 £'000	2017/18 £'000
Opening Balance 1st April	59,898	60,505
Current Service Costs	1,233	1,250
Interest cost	1,509	1,543
Contributions from scheme participants	217	210
Remeasurement (gains) and losses		
Actuarial (gains)/losses arising from changes in demographic assumptions	(3,191)	0
Actuarial gains/losses arising from changes in financial assumptions	2,237	(2,284)
Experience loss/(gain) on defined benefits obligations	0	0
Liabilities assumed / (extinguished) on settlements	0	0
Estimated benefits paid net of transfers in	(1,681)	(1,363)
Past Service Costs (including curtailments)	57	96
Unfunded pension payments	(60)	(59)
Closing balance at 31 March	**60,219**	**59,898**

Local Government Pension Scheme assets comprised

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

	31 March 2019 £'000	31 March 2019 %	31 March 2018 £'000	31 March 2018 %
Equity Investments	20,958	50.8	21,793	54.1
Gilts	5,359	13.0	5,278	13.1
Cash	1,240	3.0	566	1.4
Other Bonds	2,929	7.1	2,826	7.0
Diversified Growth Fund	2,455	5.9	2,437	6.0
Property	4,509	10.9	4,064	10.1
Infrastructure	1,900	4.6	1,455	3.6
Multi Asset Credit	1,958	4.7	1,897	4.7
Hedge Fund	0	0.0	0	0.0
	41,308	100.0	40,316	100.0

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates of the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2016.

Included in the Council's pension fund liabilities as at 31 March 2019 is an estimate of the additional cost due to the McCloud ruling. This relates to the Government's refusal of right to appeal against a landmark ruling by the Court of Appeal with regard to age discrimination against younger public sector workers by protecting the retirement benefits of older staff. While the case was brought by members of the judicial and firefighters pension schemes, it will have implications for the LGPS. The remedy that will be imposed by the Court is not yet known, but an estimate has been made using the Government Actuary Department methodology. The estimated additional liability is £603k.

The significant assumptions used by the actuary have been:

	2018/19	**2017/18**
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.9	24.0
Women	24.8	26.1
Longevity at 65 for future pensioners:		
Men	24.6	26.0
Women	26.6	28.4
Rate of inflation - RPI increases	3.4%	3.4%
Rate of inflation - CPI increases	2.4%	2.4%
Rate of increase in salaries	3.9%	3.9%
Rate of increase in pensions	2.4%	2.4%
Rate for discounting scheme liabilities	2.4%	2.6%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this 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, on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact in the defined Benefit Obligation in the scheme		
	Increase in Assumption by 0.1%	No Change	Decrease in Assumption by 0.1%
	£000	**£000**	**£000**
Adjustment to discount Rate	0.10%	0.00%	(0.10%)
Present Value of Obligation	59,170	60219*	61,287
Projected Service Cost	1,183	1,211	1,241
Adjustment to long term salary increase	0.10%	0.00%	(0.10%)
Present Value of Obligation	60,309	60,219	60,130
Projected Service Cost	1,211	1,211	1,211
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	(0.10%)
Present Value of Obligation	61,196	60,219	59,259
Projected Service Cost	1,241	1,211	1,183
Adjustment to mortality age rating assumption	+ 1 Year	None	- 1 Year
Present Value of Obligation	62,544	60,219	57,983
Projected Service Cost	1,250	1,211	1,174

*Not including additional liability relating to McCloud judgement estimated at £603k.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The Council has agreed a strategy with the scheme's actuaries to achieve a 100% funding level over 25 years. The next triennial valuation was due 31st March 2019.

The scheme takes account of the national changes under the Public Pensions Services Act 2013. The Act established a new career average revalued earning scheme to pay pensions.

The Authority anticipates to pay £624,000 expected contributions to the scheme in 2019/20. These figures are based on the North Dorset District Council section of the Fund only and do not reflect the effects of the Local Government Reorganisation.

37. PRIOR PERIOD RESTATEMENTS

The prior year has been restated in order to classify £3,300k from long-term creditors to short-term creditors these mainly related to s106 receipts.

Restatement of Comparatives in Notes 22 and Balance Sheet

Historically the authority classified s106 receipts as long term creditors. However, as there are no contractual terms that

Note 22. Creditors	**Original 17/18**	**Restated 17/18**
Other Payables	-100	-3,400

Balance Sheet As At 31 March 2018	**Original 17/18**	**Restated 17/18**
Short-term Creditors	-5,658	-8,958

COLLECTION FUND

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

	2018/19			2017/18		
	Council Tax	NDR	Total	Council Tax	NDR	Total
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Council Tax	51,691	0	**51,691**	48,430	0	**48,430**
Non-Domestic Rates	0	14,200	**14,200**	0	12,804	**12,804**
TOTAL INCOME	**51,691**	**14,200**	**65,891**	**48,430**	**12,804**	**61,234**
PRECEPTS / NDR DISTRIBUTION						
Central Government	0	5,934	**5,934**	0	6,124	**6,124**
Dorset County Council	36,645	1,068	**37,713**	34,379	1,102	**35,481**
Dorset Police Authority	5,383	0	**5,383**	5,042	0	**5,042**
Dorset Fire Authority	1,894	119	**2,013**	1,829	122	**1,951**
North Dorset District Council	3,308	4,747	**8,055**	3,160	4,899	**8,059**
All Parishes	2,932	0	**2,932**	2,744	0	**2,744**
PREVIOUS YEAR COLLECTION FUND SURPLUS / (DEFICIT) REDISTRIBUTED						
Central Government	0	(441)	**(441)**	0	(218)	**(218)**
Dorset County Council	510	(79)	**431**	367	(39)	**328**
Dorset Police Authority	75	0	**75**	55	0	**55**
Dorset Fire Authority	27	(9)	**18**	20	(4)	**16**
North Dorset District Council	47	(353)	**(306)**	34	(174)	**(140)**
ALLOWANCES TO CHARGING AUTHORITY						
Non-Domestic Rate Cost Of Collectior	0	91	**91**	0	92	**92**
Transitional Protection Payments	0	(138)	**(138)**	0	(153)	**(153)**
Renewable Energy Scheme	0	132	**132**	0	168	**168**
PROVISION FOR APPEALS						
Increase/(Decrease) To Provision	0	1,948	**1,948**	0	1,200	**1,200**
PROVISION FOR BAD DEBTS						
Increase/(Decrease) To Provision	197	42	**239**	(157)	(95)	**(252)**
TOTAL DEDUCTIONS	**51,018**	**13,061**	**64,079**	**47,473**	**13,024**	**60,497**
Surplus / (Deficit) Arising In Year	673	1,139	**1,812**	957	(220)	**737**
Balance B/F 1st April	1,919	(1,217)	**702**	962	(997)	**(35)**
Balance C/F 31st March	**2,592**	**(78)**	**2,514**	**1,919**	**(1,217)**	**702**

NOTES TO THE COLLECTION FUND

1. INCOME FROM COUNCIL TAX

The Council's Tax Base for 2018/19 i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	Number of Taxable Dwellings After Discount	Ratio	Band D Equivalent Dwellings
A (Disabled Reduction)	2.8	5/9	1.5
A	2,202.6	6/9	1,468.4
B	5,195.5	7/9	4,040.9
C	7,296.1	8/9	6,485.4
D	5,538.4	9/9	5,538.4
E	4,056.0	11/9	4,957.3
F	2,474.6	13/9	3,574.4
G	1,380.8	15/9	2,301.3
H	123.3	18/9	246.5
	28,270.1		**28,614.2**
Class O exempt dwellings			390.0
Council Tax Base for Revenue Support Grant Purposes			**29,004.2**
Reduction due to the Council Tax Reduction Scheme			**(2,947.1)**
Council Tax Base for Council Tax Setting Purposes			**26,057.1**

2. INCOME FROM BUSINESS RATEPAYERS

The Council collects Business Rates on behalf of the Government based on local rateable values and national multipliers as follows:

	2018/19	2017/18
Rateable value at year-end	£43,770,950	£42,930,395
National Multiplier	49.3p	47.9p
Small Business Multiplier	48.0p	46.6p

3. ALLOCATION OF COLLECTION FUND SURPLUS

	COUNCIL TAX £'000	NDR £'000	TOTAL £'000
Central Government	0	(39)	**(39)**
Dorset County Council	1,894	(7)	**1,887**
Dorset Police Authority	278	0	**278**
Dorset Fire Authority	98	(1)	**97**
North Dorset District Council	322	(31)	**291**
Total Surplus As At 31st March 2019	**2,592**	**(78)**	**2,514**

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

North Dorset District Council is required to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The 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 the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

North Dorset District Council has approved a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government updated in 2016. A copy of the code is on our website at www.dorsetforyou.com or can be obtained from the council offices. This statement explains how North Dorset District Council has complied with the code and also meets the requirements of Part 2, regulation 6 of Accounts and Audit Regulations 2015 which requires authorities to carry out an annual review of the effectiveness of its system of internal control. Having considered the findings of the review, Members are required to approve an annual governance statement, prepared in accordance with proper practices in relation to internal control. The statement must then be included with the Statement of Accounts. The 2016 Framework is to be treated as proper practice, making publication of an AGS mandatory.

In addition to this, CIPFA has published its 'Statement on the Role of the Chief Financial Officer in Local Government (2010)'. The Annual Governance Statement should therefore reflect compliance with the statement for reporting purposes.

Purpose of the Governance Framework

The purpose of the framework is to ensure the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner.

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled. It enables the Authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

This will include focusing on outcomes for the area and its community, engaging with local people and other stakeholders to ensure robust public accountability, provide leadership in the community and promoting values and behaviours for the Council that will demonstrate how it plans to uphold good governance and maintain high standards of conduct.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of North Dorset District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically. The governance framework has been in place at North Dorset District Council for the year ended 31st March 2019 and up to the date of approval of the Statement of Accounts.

Review of Effectiveness

North Dorset District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This is achieved by the following work:

a) Management Assurance

Review of compliance with the adopted Local Code of Corporate Governance;
Review of the implementation of the Risk Management Strategy every 2 years;
Review of SWAP audit report findings and recommendations;
Review of fraud and special investigations completed during the year;
Review of external audit report and Annual Audit Letter;
Review of performance management software to identify performance against corporate plan; and
Corporate management team review of service governance issues.

b) Statutory Officer Assurance

Consultation with the Council's statutory officers (Head of Paid Service, Monitoring Officer and Director of Resources) to discuss their responsibilities and any issues identified during the year.

c) Service Assurance

Consultation with the Council's statutory officers (Head of Paid Service, Monitoring Officer and Director of Resources) to discuss their responsibilities and any issues identified during the year.

d) Performance Reporting

Review of performance management reporting in Business Review; and
Review of financial management reporting in Business Review.

e) External Review Assurance

Examination of external audit reports and Annual Audit Letter; and
Review of complaints, if any, considered by Local Government Ombudsman.

f) Other Sources

Examination of the minutes of the Audit Committee;
Review of any action taken by Monitoring Officer;
Review of the adequacy of the complaints procedure including handling, monitoring and outcomes;
Review of Management Team minutes; and
Scrutiny & Performance Committee minutes holding Management Committee to account.

Significant governance issues for 2018 - 19

Local Government Reorganisation

Overview

On 26 February Sajid Javid, the Secretary of State for Housing, Communities and Local Government gave his approval for plans to create two new unitary councils in Dorset, replacing the existing nine councils. The new councils came into existence in April 2019. Due to the timing of the reorganisation and the audit a number of audit qualifications have been identified as set out in the external audit opinion, recommendations following the audit in relation to these areas are being taken forward by Dorset Council.
OWNER: CHIEF EXECUTIVE

Comment

The new Dorset Council will have to ensure that any significant risks identified by North Dorset District Council, including those on the corporate risk register, are addressed.

Statement of Assurance

To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified as significant issues. We propose over the coming year to take steps to address the above matters 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 review.

Signed  Date 12-Dec-19

Matt Prosser, Chief Executive

Signed  Date 17-Dec-19

Leader of the Council, Cllr S Flower

GLOSSARY OF TERMS

ACCRUALS

Amounts charged to the accounts for goods or services received during the year, for which payments have not yet been made. Also income that is due but has not yet been received.

ACCUMULATED ABSENCES ACCOUNT

This Account is an Unusable Reserve which 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. It is permitted to have a negative balance.

AMORTISED COST

This is a mechanism that sees through the contractual terms of a Financial Instrument to measure the real cost or return to the Authority by using the effective interest rate method which incorporates the impact of premiums or discounts.

AREA BASED GRANT (ABG)

An Area Based Grant is a non-ring-fenced general grant on which there are no conditions imposed on its usage meaning that the Council has full local control on how the grant can be used.

ASSETS HELD FOR SALE

Non-Current Assets which are being actively marketed for sale where there is a high probability that the sale will be completed within twelve months.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Financial Assets which are not classed as Loans and Receivables. These include Bonds, Unit Funds and Property Funds which are quoted in an active market and are carried in the Balance Sheet at fair value.

AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS RESERVE

An Unusable Reserve introduced to manage the fair value process for Available-for-Sale Financial Assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

BALANCE SHEET

A statement of the Council's assets and liabilities at the Balance Sheet date.

BUDGET

An estimate of amounts expected to be spent or received during the year. This can refer to the Council's overall budget, the budget for a particular area (e.g. Capital budget) or for a specific item (e.g. Printing budget).

BUSINESS RATES

Also referred to as Non-Domestic Rates. This is a national tax based on the rateable value of business properties. The tax is administered by the Government who also determine the level of tax. The Council collects Business Rates on behalf of the Government and pays over the proceeds after costs of collection. The proceeds are redistributed to local authorities based on the size of their population.

CAPITAL ADJUSTMENT ACCOUNT

This Account is an Unusable Reserve which 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.

CAPITAL CHARGES

Charges made to service revenue accounts based on the value of the assets used by the service, consisting of depreciation and impairment.

GLOSSARY OF TERMS

CAPITAL EXPENDITURE
Spending on the purchase or provision of assets which will be of long-term value to the Authority.

CAPITAL GRANTS AND CONTRIBUTIONS
Grants and contributions from central Government and other external bodies towards the financing of capital expenditure on a particular service or scheme. These will include the majority of Section 106 Receipts. Provided that no conditions remain outstanding these grants are initially recognised as income in the Comprehensive Income and Expenditure Statement but subsequently reversed out to the Capital Adjustment Account in the Movement in Reserves Statement.

CAPITAL GRANTS UNAPPLIED ACCOUNT
This Account is a Usable Reserve which holds Capital Grants and Contributions which have been recognised as income in the Comprehensive Income and Expenditure Statement but where the capital expenditure to be financed has not been incurred at the Balance Sheet date.

CAPITAL RECEIPTS
Income received from the sale of land, buildings and other Non-Current Assets. These may be used to finance capital expenditure, however they are not available to finance revenue expenditure.

CAPITAL RECEIPTS RESERVE
This is a Usable Reserve which accumulates Capital Receipts and can be used to finance Capital Expenditure or repay debt on existing assets.

CASH & CASH EQUIVALENTS
These include cash in hand and demand deposits together with short term investments held for cash flow purposes that are readily convertible to known amounts of cash with insignificant risk of change in value.

CASH FLOW STATEMENT
This Statement summarises the flows of cash that have taken place into and out of the Authority's bank accounts over the financial year.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)
This is an accountancy body that produces standards and codes of practice for accounting and financial functions in the public sector. It is one of the bodies responsible for the two principal codes of practice that determine how the Council presents its accounts.

CODES OF PRACTICE
In addition to the BVACOP, the principal code of practice that governs the presentation of local authority accounts is the Code of Practice on Local Authority Accounting in the UK. This code is approved by the Financial Reporting Advisory Board and is recognised by statute as representing proper accounting practice.

COLLECTION FUND
A statutory fund recording the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates.

COLLECTION FUND ADJUSTMENT ACCOUNT
This Account is an Unusable Reserve which manages the differences arising from the recognition of Council Tax income in the Comprehensive Income & Expenditure Statement as it falls due from Council Taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

GLOSSARY OF TERMS

COMMUNITY ASSETS

Assets that the Authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

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.

CONTINGENCIES

Amounts set aside from the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income.

COUNCIL TAX

This is the main source of local taxation to local authorities. It is levied on households within the Council's area, based on property values. The proceeds are paid into the Collection Fund for distribution to precepting authorities as well as the Council's own General Fund.

COUNCIL TAX BENEFIT

Assistance provided by the Council to adults on low incomes to assist in the payment of their Council Tax bill. The cost to the Council of Council Tax Benefit is largely met by Government grant.

CREDITORS

Amounts owed by the Authority to others in respect of goods and services supplied in the financial year but not paid for.

CURRENT ASSETS

These are assets that will be consumed within the next accounting period (i.e. less than 1 year). Examples are inventories, cash and debtors.

CURRENT LIABILITIES

Those amounts which will become payable or could be called upon in the next accounting period (i.e. less than 1 year).

DEBTORS

Amounts owed to the Council by others in respect of goods and services received in the financial year but not paid for.

DEFERRED CAPITAL RECEIPTS RESERVE

This is an Unusable Reserve which holds the gains recognised on the disposal of Non-Current Assets but for which cash settlement has yet to take place.

DEPRECIATION

The writing down of the value of Property, Plant & Equipment in the Balance Sheet, according to its expected useful life.

EARMARKED RESERVES

These are Usable Reserves which have been set aside from revenue to meet particular spending needs, including funding capital projects.

FAIR VALUE

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

GLOSSARY OF TERMS

FINANCE LEASES

These are leases which transfer substantially all the benefits and risks of ownership of the asset that is being leased to the party who is leasing the asset (even though title to the property may not be transferred).

FINANCIAL INSTRUMENTS

These are contracts that give rise to a Financial Asset of one entity and a Financial Liability or Equity Instrument of another entity. In practice these include bank deposits, loans, investments, borrowings and other receivables and payables.

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

This Account is an Unusable Reserve which absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain Financial Instruments and for bearing losses or benefiting from gains per statutory provisions.

GENERAL FUND

This is the main revenue account of the Council and incorporates the net cost of all services (as shown in the Comprehensive Income and Expenditure Statement) together with the adjustments between accounting basis and funding basis under regulations and transfers to and from Earmarked Reserves (as shown in the Movement in Reserves Statement).

HERITAGE ASSETS

These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

IMPAIRMENT

This is a reduction in the value of a Non-Current Asset caused either by the consumption of economic benefits or by a general fall in prices.

INFRASTRUCTURE

These are Non-Current Assets that are inalienable, expenditure on which is only recoverable by continued use of the asset created. Examples of infrastructure assets are footpaths and coast protection works.

INTANGIBLE ASSETS

These are Non-Current Assets which are identifiable but lack physical substance and are controlled by the Council as a result of past events, and future economic benefits or service potential are expected to flow to the Council. Examples are Market Charters.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These are financial reporting standards based on clearly articulated principles which are approved for global use by the International Accounting Standards Board. For the first time the 2010 Code of Practice on Local Authority Accounting in the UK is based on IFRS principles.

INVENTORIES

These include goods purchased for resale and consumable stores.

INVESTMENT PROPERTY

This comprises land or buildings held solely to earn rentals or for capital appreciation or both, rather than for use in the supply of services or for administrative purposes.

GLOSSARY OF TERMS

INVESTMENTS
These represent the investment of cash surpluses that reflect the Council's usable revenue and capital reserves and the incidence of cash flows. They comprise Available-for-Sale Financial Assets and Loans and Receivables.

LOCAL AUTHORITY BUSINESS GROWTH INCENTIVE (LABGI)
This is a grant designed to give local authorities an incentive to maximise local economic growth by allowing them to receive a proportion of increases in local Business Rate revenues to spend on their own priorities.

LOANS AND RECEIVABLES
Financial Assets which have fixed or determinate payments and are not quoted in an active market. These are carried in the Balance Sheet at amortised cost.

MINIMUM REVENUE PROVISION (MRP)
The sum required to be met from revenue under current capital controls to provide for the repayment of outstanding borrowings; additional sums may be voluntarily set aside.

MOVEMENT IN RESERVES STATEMENT (MIRS)
This statement shows the movement in the year on the different reserves held by the Council, analysed into Usable Reserves and Unusable Reserves.

NON-CURRENT ASSETS
These are assets that yield benefits to the Council and the services it provides for a period of more than one year.

OPERATING LEASES
These are all leases which are not Finance Leases.

PENSIONS RESERVE
This Unusable 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 negative balance represents the substantial shortfall between the benefits earned by past and current employees and the resources the Council has set aside to meet them.

PRECEPT
The levy made by precepting authorities on billing authorities, requiring the latter to collect income from Council Taxpayers on their behalf.

PROPERTY, PLANT & EQUIPMENT
This comprises all assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others as part of a service, or for administrative purposes, and are expected to be used during more than one accounting period.

PROVISIONS
Amounts set aside for liabilities and losses which are likely to occur but where the exact amount or timing is uncertain.

RESERVES
Reserves show the disposition of the Council's net worth and fall into two categories - Usable Reserves and Unusable Reserves.

GLOSSARY OF TERMS

REVALUATION RESERVE

This Unusable Reserve contains the net unrealised gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets since 1 April 2007.

REVENUE EXPENDITURE

Day to day payments used for the running of Council services such as salaries and wages, operating costs and charges for the use of assets.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of Non-Current Assets.

REVENUE SUPPORT GRANT (RSG)

A grant paid by central Government to aid the Council to provide services in general, as opposed to specific grants that may only be used for specific purposes.

SECTION 106 RECEIPTS

Under Section 106 of the Town and Country Planning Act 1990, developers and local authorities can enter into planning obligations to enable the developments to proceed, when permission might otherwise not be approved. These obligations are commonly referred to as Section 106 (S106) agreements and usually provide for the developer to make financial payments to the Council that will be used for specific compensatory works or measures. Most S106 receipts are treated as capital contributions and applied to capital expenditure.

SERVICE REPORTING CODE OF PRACTICE FOR LOCAL AUTHORITIES (SeRCOP)

This code of practice was introduced in support of the Government's modernisation agenda for local government, in particular the process of performance management and best value. The code modernises the system of local authority accounting and reporting, which provides a common service cost to facilitate comparison between authorities.

SPECIFIC GRANTS

A term used to describe Government grants to local authorities that are related to a specific service or policy, usually subject to certain conditions. A list of the main grants received is provided within the Notes to the Accounts.

SURPLUS ASSETS

Non-Current Assets which are not in use but do not meet the strict criteria necessary to be included as Assets Held for Sale.

UNUSABLE RESERVES

Reserves that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, 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.

USABLE RESERVES

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.