

Guildhall Gainsborough
Lincolnshire DN21 2NA
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AGENDA

This meeting will be recorded and the video archive published on our website

Governance and Audit Committee
Tuesday, 23rd July, 2019 at 2.00 pm
Council Chamber - The Guildhall

Members:

Councillor John McNeill (Chairman)
Councillor Mrs Jackie Brockway (Vice-Chairman)

Councillor Mrs Tracey Coulson
Councillor Christopher Darcel
Councillor David Dobbie
Councillor Mrs Caralyne Grimble
Councillor Mrs Angela White

Alison Adams
Andrew Morriss
Peter Walton

1. **Apologies for Absence**
2. **Public Participation Period**
Up to 15 minutes are allowed for public participation.
Participants are restricted to 3 minutes each.
3. **Minutes of Previous Meeting**
 - i) Meeting of the Governance and Audit Committee held (PAGES 3 - 7)
on 18 June 2019
4. **Members Declarations of Interest**
Members may make any declarations of interest at this point
but may also make them at any point during the meeting.

Agendas, Reports and Minutes will be provided upon request in the following formats:

Large Clear Print: Braille: Audio: Native Language

5. **Matters Arising Schedule** (PAGE 8)
Matters Arising schedule setting out current position of previously agreed actions as at 15 July 2019.
6. **Public Reports for Consideration**
- i) Annual Governance Statement 2018/19 (PAGES 9 - 44)
 - ii) Audited Statement of Accounts (PAGES 45 - 201)
 - iii) ISA 260 Report (TO FOLLOW)
 - iv) Annual Voice of the Customer Report 2018/19 (PAGES 202 - 225)
 - v) Internal Audit Q1 19/20 (PAGES 226 - 252)
7. **General Items of Business for Consideration**
- i) Work Plan (PAGES 253 - 255)

Ian Knowles
Head of Paid Service
The Guildhall
Gainsborough

Monday, 15 July 2019

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 18 June 2019 commencing at 2.00 pm.

Present: Councillor John McNeill (Chairman)
Councillor Mrs Jackie Brockway (Vice-Chairman)

Councillor Mrs Tracey Coulson
Councillor Christopher Darcel
Councillor David Dobbie (from item 5)
Councillor Mrs Caralyne Grimble
Councillor Mrs Angela White
Alison Adams
Andrew Morriss
Peter Walton

In Attendance:
Alan Robinson Strategic Lead Governance and People/Monitoring Officer
Tracey Bircumshaw Strategic Finance and Business Support Manager
Caroline Capon Corporate Finance Team Leader
Andy Gray Housing and Enforcement Manager
James O'Shaughnessy Corporate Policy Manager & Deputy Monitoring Officer
Lucy Pledge Internal Audit
James Welbourn Democratic and Civic Officer

Apologies: None.

1 PUBLIC PARTICIPATION PERIOD

There was no public participation.

2 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 16 April 2019 were approved as a correct record.

3 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest.

4 MATTERS ARISING SCHEDULE

The matters arising schedule was noted.

5 INTERNAL AUDIT ANNUAL REPORT - 2018/19

Members considered a report on the Head of Internal Audit's opinion on the adequacy of the

Authority's governance, risk and control environment and the delivery of the Internal Audit Plan for 2018/19.

The following points were highlighted:

- The Authority was performing well in relation to governance and financial control;
- There were no concerns around risk and financial control. There were some areas of improvement to be made on governance and internal control; these concerns had been raised with the leadership team at West Lindsey District Council (WLDC);
- Overall assurance levels had increased from the previous year, and there were no areas of low assurance;
- There were two areas of 'limited' assurance; these were food safety and environmental protection, and the planning enforcement follow up. Agreed management action plans were in place for these areas;
- In the end of year report on the implementation of recommendations from Internal Audit there were no overdue actions, although there were 45 actions with completion dates yet to be reached;
- Positive assurances had been given on the financial control of the Authority. Lessons could be learned from the position of Northamptonshire County Council;
- Assurance had been given that there had been no impairment on the work of officers from Assurance Lincolnshire;
- Internal Audit comply with public sector internal audit standards. In addition, there had been a number of recent Chartered Institute of Public Finance and Accounting (CIPFA) publications relevant to audit and the Council that had been utilised;
- 100% of the feedback received from officers rated the service provided by the team as good or excellent;
- There were 22 risks on good governance; the aim was to address these in the next 6-8 months. This had been included in the annual governance statement as an area of priority;
- The Housing and Enforcement Manager was present and informed Members that he hoped the follow up to the 2017 audit on planning enforcement would become 'substantial' at the earliest opportunity;
- Changing the performance measures within planning enforcement wasn't possible mid-year. A full report on this and other enforcement issues would come to the July meeting of the Governance and Audit committee.

RESOLVED to note the report.

6 DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

Members considered a report on the draft Annual Governance Statement for 2018/19.

The following points were highlighted:

- It was proposed that the following four items form part of the action plan for the 2018/19 Annual Governance Statement:
 - Risk management;
 - Peer Review
 - Governance Review
 - Member induction and training
- The draft statement had been shared with both internal and external audit;
- In previous years, the Authority had been advised by auditors of the areas that needed to be included in the Annual Governance Statement action plan. The Authority was now in the position whereby it could look for areas to improve;
- The content of the strategic risk register was changing; that work was underway with officers and Members. This work would be completed during the summer, helping to feed the strategy;
- The committee reviews strategic risks every 6 months;

RESOLVED to note the report.

7 UNAUDITED STATEMENT OF ACCOUNTS

The 2018/19 unaudited statement of accounts was presented for scrutiny, ahead of the final version that would be produced for the July meeting of the Governance and Audit Committee.

The following points were highlighted:

- The finance team were visited by auditors on 20 May, and no issues were raised as a result of this visit;
- External auditors were finalising the accounts, with no significant issues at this point. Final sign off would be 23 July;
- A healthy balance sheet had been achieved, with around £23 million available for investment;
- In the future, the Fairer Funding review, the financial settlement and changes to the business rates scheme were potential issues for the Authority. The Medium Term Financial Plan (MTFP) was prudent, in that there were adequate reserves to act as a buffer for a number of years. The General Fund balance stood at £2 million;

- The Fairer Funding scheme would look at resourcing need, by looking at factors such as deprivation and service need. It would not be dependent on the amount of reserves a Council had;
- The resilience indicators within the report reflected a generally worsening picture for the next four years; however this was still a strong overall position.

RESOLVED to note the report.

8 COST OF CONSULTANTS AND AGENCY WORKERS

Members considered a report on the expenditure incurred during 2018/19 on the engagement of externally appointed temporary/agency staff and consultants.

The following points were highlighted:

- £607,000 had been spent on agency staff and consultants in 2018/19. 72% of this funding was commissioned through West Lindsey's staffing agency. The actual cost of staffing services was 5.9% of the overall employee budget;
- Agency staff were used to cover vacancies, sickness leave and seasonal staff;
- £211,000 had been spent on consultancy by the Authority to utilise the advice of experts;
- Finance officers budget for a 'full establishment', i.e. a fully staffed Authority. Vacancy savings were achieved where posts were not filled, or where vacancies were being held for a specific purpose;
- The only department that relied on agency staff was Waste Services. £389,000 of funding was allocated to this department. In the previous year, Waste Services received a 'high assurance' rating;
- When WLDC undertakes large projects that were not classed as 'business as usual', it needed to ensure that there were specialist staff to help complete these projects;
- The cost of consultants would fluctuate from year to year, a bigger issue would be whether the Authority was getting value for money.

Members of the committee questioned officers on the reasoning behind the proposal for the paper to be circulated via the Members' Newsletter. All were reassured that the information would still be visible to all Elected and Independent Members through the Members' Newsletter, and if it was felt that the data warranted a committee report, this could be done with the approval of the Governance and Audit Chairman.

RESOLVED to:

- (1) Accept the content of the report;
- (2) Circulate this report via the West Lindsey Members' Newsletter in

future years.

9 WORKPLAN

The workplan was noted.

The meeting concluded at 3.02 pm.

Chairman

Governance & Audit Committee Matters Arising Schedule

Purpose:

To consider progress on the matters arising from previous Governance & Audit Committee meetings.

Recommendation: That members note progress on the matters arising and request corrective action if necessary.

Matters arising Schedule

Meeting	Governance and Audit Committee				
Status	Title	Action Required	Comments	Due Date	Allocated To
Black	Benchmarking of Consultants	During the committee meeting on 6 November, the Finance Manager agreed to look at some formal benchmarking on salary costs compared with other Councils. This is to be emailed round to all Governance and Audit committee members.	<p>The Finance and Business Support Manager to email the Chairman of Governance and Audit to see if APSE can provide any information on benchmarking.</p> <p>Such data does not currently exist . Cllr G McNeill through his APSE role will seek to get APSE to provide such data through its various networks. consideration will also be given to approaching CIPFA.</p> <p>Update 10 June from Cllr G McNeill: 'I am attending APSE's National Council on Tues 19th & Wed 20th June. The agenda includes our future research priorities, including workforce.'</p> <p>An update will be provided to the meeting regarding timelines.</p>	30/06/19	Tracey Bircumshaw



**Governance & Audit
Committee**

23rd July 2019

**Subject: Annual Governance Statement 2018/19 and Action Plan.
Closure of the Annual Governance Statement 2017/18 Action Plan.**

Report by:	Executive Director of Resources
Contact Officer:	Corporate Policy and Governance Manager & Deputy Monitoring Officer
Purpose/Summary:	01427 676537 To present to Members the Annual Governance Statement for 2018/19 and Action Plan. Closure of the Annual Governance Statement 2017/18 Action Plan.

**RECOMMENDATION(S): 1. That Members approve the Annual Governance Statement for 2018/19 and associated Action Plan.
2. That Members sign off the Action Plan for 2017/18 as completed.**

IMPLICATIONS

Legal: The Annual Governance Statement must comply with the Accounts and Audit (England) Regulations 2011

Financial: FIN/42/20/SL There are no financial implications arising from this report.

Staffing: None

Equality and Diversity including Human Rights: None

Risk Assessment: None

Data Protection Implications: None

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:

Wherever possible please provide a hyperlink to the background paper/s
If a document is confidential and not for public viewing it should not be listed.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1. Background

1.1 The Annual Governance Statement is a formal statement under the Accounts and Audit (England) Regulations 2011, which details the Council's governance arrangements and issues for the previous year as an annual report of governance.

1.2 The system of corporate governance is the way in which we direct and control our services and functions to ensure that we make the best use of all resources.

1.3 Assurance of governance arrangements involves a process to test the framework and to gain confidence that it is operating as intended and that we are, "doing the right things, in the right way, for the right people in an open, honest, inclusive and timely manner." (CIPFA 2007).

1.4 The Council is required to produce an Annual Governance Statement for approval by 31st July each year, to accompany the Council's Statement of Accounts.

1.5 The Annual Governance Statement includes a summary of the governance framework and identifies those areas where further action is required to achieve greater assurance.

2 Developing the Annual Governance Statement

2.1 Sources of information used to develop the Statement include:

- The development of the framework itself
- The Combined Assurance Report 2018/19
- Internal Audit Annual Report
- Internal Audit "limited assurance" reports
- The management of strategic and service risks
- External Audit Annual Audit Letter
- Complaints and lessons learnt
- Consultation results
- Ombudsman investigations
- Corporate functions assurance statements – Legal, Health & Safety, ICT, Procurement
- Service Managers – any service or performance issues, including signed assurance that the internal control and governance assurance framework has been upheld, covering:
 - Review of key controls
 - Budget setting and allocation of resources
 - Performance management
 - Risk management
 - Financial and legal implications

3 The Framework

3.1 The Governance Framework follows the seven principles of good governance as set out in CIPFA's "Delivering Good Governance in Local

Government Framework” (2016 edition) and is formed by the systems and processes, standards, policies and activities through which it accounts to, engages with and leads the community.

3.2 Under each of the principles we have identified improvements that have taken place during the year, activity to support the principle, any significant issues and actions that will be undertaken to address any issues or to develop the principles further.

4. Annual Governance Statement 2018/19

4.1 The Statement for 2018/19 accompanies this report.

5. Issues to be Addressed

5.1 Issues that have been identified as requiring attention to ensure more robust governance and which will be addressed in the coming year via the Action Plan are set out below:

- I. **Risk Management** – Assess the Council’s overall ‘risk appetite’ and subsequently undertake a review of Strategic Risks and develop a means of ensuring that project related risks are consistently recorded and managed
- II. **Peer Review** - Prepare for and hold a Peer Review to set improvement targets and seek third party accreditation against a nationally recognised framework
- III. **Governance Review** - Work on the findings of the Governance Review, undertaken by Internal Audit, to ensure the Council’s culture and values are consistently understood and exhibited
- IV. **Member Induction & Training** - Induct new and returning Councillors and implement the Member Development Training Plan

5.2 To address the issues detailed above, an action plan has been developed containing actions which when completed will realise a satisfactory state of affairs. The action plan is the main vehicle through which Members of the Governance & Audit Committee are provided with updates on progress against the completion of the required actions.

5.3 The Action Plan also accompanies this report.

6. Issues Deemed Closed – Annual Governance Statement Action Plan 2017/18

6.1 The issues which were identified as matters to be addressed via the AGS Action Plan 2017/18 and are now deemed to be completed are detailed below. Members are asked to review and determine whether they are satisfied that sufficient progress has been made to warrant completion.

- I. **Commercialism** – to ensure that related decision making and governance arrangements are effective and transparent and form part of the Monitoring Officer’s oversight and reporting duties

- II. **Wellbeing Contract** – implementation of the new service must be closely monitored, partnership working arrangements must be effective and the intended outcomes for service users must be understood and achieved
- III. **Review of Challenge & Improvement Committee** – to ensure that the Committee is effective in its operations and performs a robust scrutiny function
- IV. **New Corporate Plan (2019-2023)** – the new Plan must clearly set out the strategic aims of the Council and the outcomes it seeks, based on the issues and opportunities facing the District
- V. **PCI DSS Processes** – to achieve compliance with industry standards
- VI. **Value for Money** – to complete VfM assessments across service areas to enable senior management to set clear priorities for improvement

6.2 The 2017/18 Action Plan is attached for review and sign off. All actions have been completed.

7. Recommendation

7.1 Members are asked to:

1. Approve the Annual Governance Statement for 2018/19 and associated Action Plan.
2. Sign off the Action Plan for 2017/18 as completed.

WEST LINDSEY DISTRICT COUNCIL

Annual Governance Statement 2018/19



ANNUAL GOVERNANCE STATEMENT 2018/19

SCOPE OF RESPONSIBILITY

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

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

During 2018/19, West Lindsey District Council has worked to its code of corporate governance. This was revised during 2016/17 to ensure consistency with the principles set out in guidance provided by CIPFA/SOLACE in 2016 within their Delivering Good Governance in Local Government Framework. The purpose of the Framework is to assist local government to take responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. A copy of the authority's framework is on the Council's website contained within the [Codes and Protocols](#) section of The Constitution.

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

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lindsey District Council for the year ended 31st March 2019 and up to the date of approval of the statement of accounts at a meeting of the Governance and Audit Committee on 23rd July 2019.

THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

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

During 2018/19 the Council produced its new Corporate Plan covering the period 2019-2023. It sets out the Council's vision for the District and details the key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium Term Financial Plan (MTFP) and Executive Business Plan, ensuring that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council. Progress against the priorities detailed within the Corporate Plan is reported annually, as is the on-going relevance of the Plan which takes into account feedback from surveys conducted with the citizens of West Lindsey.

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

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

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

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

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

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

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

SIGNIFICANT GOVERNANCE ISSUES

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

This work has been recognised by the Head of Internal Audit. Taking account of the activity and changes within the Council during 2018/19 and the audit and consultancy work the audit team have undertaken, she has concluded that the Council’s internal control environment (comprising of governance; risk; internal control and financial control) is performing well. Some improvements have been identified and attention should be paid to manage medium risks across the Council.

The capacity and capability of the Council to deliver its objectives is regularly reviewed. This ensures that staffing requirements are appropriate to support both operational and programme delivery. Where appropriate, expert subject matter advice has been externally sourced to provide expertise and objective thinking in support of a number of the Council’s key projects.

We also continue to review and refresh where appropriate, the main processes which constitute the Council’s performance and governance framework. This

includes considerations relating to project management, partnership arrangements, risk management, procurement and contract management. We aim to provide clear guidance and support and regularly undertake workshops with staff to ensure that procedures are fully understood and are routinely applied. Work has also been undertaken to review the Council's Portfolio Board structure to provide appropriate support and scrutiny in relation to project development and to realise effective delivery.

The Council continues to work closely with a combination of colleagues from Lincolnshire Procurement and Lincolnshire Legal Shared Services to ensure that governance arrangements supporting the Council's growth and commercial agendas are robust. Where appropriate, additional relevant external professional advice is sought to review particular proposals and help steer decision making. Additionally, to expedite efficient decision making, arrangements are in place to hold concurrent policy and resourcing committee meetings, to secure policy/project and resourcing approvals within the same session.

Training for staff and Members has also taken place during 2018/19, as have workshop sessions and regular feedback to Members and the Management Team on governance related matters and a number of other subject areas.

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

During 2018/19 West Lindsey District Council has also regularly reviewed progress against the significant issues identified in the previous year's AGS (2017/18). Six-monthly update reports have been presented to the Council's Management Team and the Governance and Audit Committee. Issues that have been sufficiently progressed and so are now removed from the AGS (2017/18) action plan are:

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

SIGNIFICANT CURRENT ISSUES TO BE A FOCUS IN 2019/20.

During 2019/20, the Council will pay attention to a number of issues as described below and will continue to stress the message across the organisation that

governance is a core component of corporate activity. Hence all officers are required to play a part in ensuring that our processes and systems are robust and adhered to. On-going 'testing' of our processes will be undertaken and we will continue to work in a collaborative manner with colleagues from both Internal and External Audit.

Those issues that have been identified as requiring particular attention during 2019/20 are reproduced below. These were identified by Management Team; via reference to Internal Audit opinion and through the work undertaken to complete the Council's Combined Assurance Report for 2018/19. Progress will be made in 2019/20; monitored by the Management Team and the Governance and Audit Committee.

The significant issues identified are:

1. **Risk Management** – Assess the Council's overall 'risk appetite' and subsequently undertake a review of Strategic Risks and develop a means of ensuring that project related risks are consistently recorded and managed
2. **Peer Review** - Prepare for and hold a Peer Review to set improvement targets and seek third party accreditation against a nationally recognised framework
3. **Governance Review** - Work on the findings of the Governance Review, undertaken by Internal Audit, to ensure the Council's culture and values are consistently understood and exhibited
4. **Member Induction & Training** - Induct new and returning Councillors and implement the Member Development Training Plan

We propose over the coming year to take steps to address the above matters via an action plan to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. There have been no significant events or developments relating to the governance system between the year-end and the date on which the Statement of Accounts were signed by the responsible financial officer.

Signed:  Date: 11th July 2019
Councillor Giles McNeill, Leader of the Council on behalf of West Lindsey District Council

Signed:  Date: 11th July 2019
Ian Knowles, Head of Paid Service on behalf of West Lindsey District Council

APPENDIX 1 - THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

1. The Council's Vision

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

This section incorporates information relating to:

- identifying and communicating the Council's vision
- reviewing the Council's vision and its implications for the Council's governance arrangements
- translating the vision into objectives for the Council and its partnerships

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

Priorities are tested further through public consultation with both the Citizen's Panel (an established representative group of approximately 1600 local residents) and residents more generally. This is supplemented by engagement with a range of businesses and third sector organisations and Member workshops, which build on the identified community priorities.

During 2018/19 the Council developed a new Corporate Plan to cover the period 2019-2023. This timeframe complements the period of the new administration following elections in May 2019. The overall vision for the Council is:

"West Lindsey is a great place to be where people, businesses and communities can thrive and reach their potential."

The Plan, which was approved by Council in March 2019, contains the following strategic priorities within the themes of Our People, Our Place, Our Council:

OUR PEOPLE		
Priorities		
Health & Wellbeing	Vulnerable Groups & Communities	Education & Skills

OUR PLACE		
Priorities		
Economy	Housing Growth	Public Safety & Environment

OUR COUNCIL		
Priorities		
Finances	Customer	Staff & Members

The Corporate Plan is explicitly linked to the MTFP through to 2023 and the Council's annual Executive Business Plan.

The Council publishes its [Corporate Plan](#) on its website in accordance with requirements for transparency and making information available for local people. Reviews of progress against its objectives will be carried out annually and presented at Full Council to Members for review and endorsement. An annual summary publication detailing progress will also be produced and shared with stakeholders and published on the Council's website.

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

The Council continues to operate in a challenging financial environment. Reductions in local government funding continue, with increasing uncertainty as the Government's Fairer Funding Review and 75% Business Rates Retention Scheme, both due for 2020/21, are likely to have further financial impacts.

However, these challenges are not new to the Council. Over the past 10 years it has undertaken reviews of its structures and service delivery and has implemented initiatives with income generating potential to achieve substantial savings, ensuring we present a balanced budget each year.

The Council has managed funding reductions of circa £4.0m since 2013/14 through delivery of its Financial Strategies with the purpose of achieving financial sustainability through our own resources and taxation. The [WLDC Budget Book \(2018/19 to 2022/23\)](#) contains the Executive Business Plan which details the projects and initiatives we are undertaking to meet Corporate Plan objectives and the MTFP, reflecting the budgets required to enable us to achieve this.

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

A robust process of monitoring and the taking of responsible actions in managing its budget ensures the Council remains in a good position to achieve, in a considered manner, the additional efficiency/income targets of approximately £600k by 2022/23.

Budget and performance monitoring is reported to Members and the Management Team in the form of regular Budget Monitoring and Progress and Delivery Reports.

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

To ensure that staff possess the necessary financial knowledge and skills and are supported in financial management matters, Finance Business Partners play a key role. By working closely with Team Managers they ensure that budgets are closely monitored and investment/economy initiatives are critically appraised. Regular financial training and awareness sessions for staff are also provided.

2. Measuring the Quality of Services

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

Performance Management and Value for Money

During 2018/19, the Council has monitored the effectiveness of the Progress and Delivery report in monitoring and reporting on performance. Quarterly reports are provided for both policy committees with the Overview & Scrutiny Committee retaining oversight. A sub-group of this Committee has met once again to discuss the need for a refresh of measures for 2019/20 to ensure that progress against the achievement of corporate priorities can be tracked. We are keen to stress the message that any measures adopted should be able to help the Council learn and improve. The Executive Director of Operations is responsible for performance management and provides:

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

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

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

Commissioning Partnerships

To achieve value for money and the best use of resources, the Council has adopted a positive approach to partnership working and has retained a number of shared working arrangements, mainly with North Kesteven District Council (NKDC). Other

key partnerships include Lincolnshire Legal Shared Services, Procurement Lincolnshire and the creation of a formal statutory body to consider planning policy across Central Lincolnshire. Additionally, key contractual partnerships incorporating performance management aspects are in place for a range of services.

The Council's ambitious growth plans for the District are beginning to crystallise with the formation of a key strategic outcome focused partnership (in the form of a joint venture) established to achieve regeneration in the retail sector in Gainsborough. Additional work has secured a further development partner to focus on delivering comprehensive regeneration of Gainsborough town centre. Both arrangements conspire to ensure that the Council can deliver the Central Lincolnshire Local Plan housing growth target. Further, the Council continues to be engaged in a meaningful manner with partners from the business sector to promote West Lindsey in general and Gainsborough specifically. These partnerships are key to jointly addressing issues such as skills and ultimately promote the District as a place to invest in and grow.

Further examples of partnership working are provided by the work the Council has conducted with the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the Homes and Communities Agency (HCA). As the Council moves its growth plans into delivery, this has attracted significant support and funding from these bodies, providing revenue funds to continue the intensive planning and development work to support land assembly and provide significant capital for site acquisition, infrastructure and in effect, provide gap funding to bridge viability gaps.

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

Value for Money

The subject of value for money formed part of the 2017/18 Action Plan, hence emphasis has been placed on this matter during the last year. Specific reference has been made to our approach to achieving value for money in both the Council's Corporate Plan and also the MTFP. Additionally, our approach received a positive outcome when audited by External Audit.

One of the main objectives of the Council is to deliver excellent, value for money services. To assist in achieving this goal, the Council has produced a Value for Money Strategy and action plan. This was approved by the Corporate Policy & Resources Committee in January 2019 and has been shared with External Audit. Work progresses against the action plan, with update reports provided for Management Team. To support our work in this regard the Council subscribes to a database of metrics which provide the ability to benchmark service related costs and performance, triangulated where possible with outcomes. We continue to use this resource to best effect and produce value for money assessments across a range of services. These assessments provide services with the basis for achieving greater value for money via improvement plans.

Procurement & Contract Management

Effective procurement and contract management is key to ensuring that value for money is achieved. Our procurement processes were audited during 2017/18 and received a substantial assurance rating. The Council's Contract and Procedure Rules and ACoP are regularly reviewed to ensure they keep in line with changes in legislation. Working closely with Procurement Lincs, the Council has worked with service areas to ensure best value is achieved from procurement and contract renewal exercises. Over the last 18 months, savings of approximately £100k have been achieved on like-for-like contract renewals.

Service Reviews

Reviews of service provision, structural arrangements and performance are key components in assessing the value for money of service delivery. During 2018/19 reviews of a number of service areas were conducted to determine and secure the required capacity to achieve objectives and desired outcomes.

Customer Feedback

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

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

3. Roles, Responsibilities and Delegations

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

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

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

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

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

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

There are protocols for effective communication which include:

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

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

4. Standards of Behaviour

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

It is vital that there is a constructive working relationship between elected Members and Officers and that the respective roles are carried out to a high standard. The Council's leadership is responsible for setting the tone for the organisation and it is tasked with creating a climate of openness, support and respect. To support the Council's new Corporate Plan, work was undertaken in 2018/19 to review the values which both Officers and Members are expected to uphold. The values (set out below) provide the ethical base to drive our business and deliver our vision.

- a) To put the customer at the centre of everything we do
- b) To act as One Council
- c) To be business smart, act on evidence and take advantage of opportunities, thinking creatively and getting things done
- d) To communicate effectively with all stakeholders
- e) To have integrity in everything we do

Lead Member positions also have clear role descriptions set out within The Constitution and these make reference to the behaviours expected when undertaking their duties.

Internal Audit conducted a review of the culture and values of the Council during 2018/19. It was designed to ascertain the extent to which the Council has a culture that places the public and integrity at the heart of its business. Participants were drawn from both Officers and Members. The findings reported that a good culture and ethical framework is working for the Council and its key partners and provided a number of recommendations to help sustain a culture of integrity and to enhance and embed good governance across the Council.

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

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

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

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

The Monitoring Officer reported to the Committee in 2018/19 on the number and types of complaints received in the previous 12 months.

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

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

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

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

There are registers of gifts and hospitality, interests, and secondary employment. During the year (and especially around Christmas and holiday periods) Members and staff are reminded of the procedure for registering gifts and hospitality and more senior staff are regularly reminded of the need to do this. Procedures for dealing with conflicts of interest are in place. Arrangements are in place to ensure that Members

and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

Rules and procedures are set out in The Constitution including Members' Code of Conduct, Operation of the Standards Sub-Committee, Procedure Rules for Committees, Financial and Contract and Procurement Procedure Rules (updated during 2018/19) and Scheme of Delegation.

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

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

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

5. The Decision Making Framework

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

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

A Scrutiny Committee (Overview & Scrutiny) is in place and has clear terms of reference. Their operation is covered in The Constitution which allows them to exercise their powers to 'Call In' decisions made by the policy committees and if necessary ask them to reconsider their earlier decisions. During 2017/18, Members received training on the Effectiveness of Scrutiny and undertook an exercise in self-evaluation. During 2018/19, a review of the on-going requirement for this Committee was undertaken, with progress monitored via the 2017/18 AGS action plan. The review recommended that the name of the Committee be changed from Challenge & Improvement to Overview & Scrutiny, its meeting dates should be more flexible so as to ensure a more effective work plan and there ought to be a change in the criteria for membership of the Committee. In January 2019 the Governance & Audit Committee approved the recommendations and the Constitution has been updated to reflect the changes.

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

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

In conducting audits into the Council's Growth Programme and the procurement of a new leisure contract, Internal Audit have reviewed the quality and robustness of decision making. Both audits reported substantial assurance findings, highlighting that projects are presented to Members at key junctions when decisions are required and that supporting papers and business cases contain all relevant information and analysis. This provides evidence that the Council's decision making framework is operating effectively.

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

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

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

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

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

The step change we are making on the growth and commercial agendas (specifically the Commercial Investment Portfolio) requires pace, ability to take a commercial view and responsive governance. Work has progressed during 2018/19 to ensure these notions are addressed. The joint sessions of the Prosperous Communities and Corporate Policy & Resources Committees represent progress in this regard. Culturally, much progress has been made with staff and Members to ensure that the

key foci in discussions remain on programme direction and the commercial imperatives and opportunities.

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

6. Risk Management

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

The Council has in place a [Risk Management Strategy](#) which covers the period 2016-2018. It is due to be revised during 2019/20. There is also an accompanying risk management ACoP, which supports the strategy to outline operational procedures and roles and responsibilities.

The most recent Internal Audit review of the Council's risk management arrangements provided a substantial assurance finding. Service risk management is a standing item of the Service Leadership Team (SLT) meeting agenda whereby any issues can be raised and service areas undertake on-going assessment of service related risks. They are supported in doing this by governance colleagues. A number of workshops with staff and Management Team have been held during the year to discuss risk and the Council has attended Lincolnshire Risk Management Group meetings.

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

Following the production of the Council's new Corporate Plan, work is underway to ensure that the risks to the achievement of its strategic objectives are identified and understood. These will form the Council's strategic risks and ensure that the Council reflects guidance provided by the Association of Local Authority Risk Managers (ALARM). Strategic risks are owned and reviewed regularly by Management Team and are presented for scrutiny by the Governance and Audit Committee on a six-monthly basis. This Committee has a responsibility as part of their terms of reference for approving the Risk Strategy and maintain an overview of risks. The committee has also appointed a Risk Champion who has clear terms of reference.

7. Counter-Fraud and Anti-Corruption

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

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

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

The policy applies to:

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

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

The Governance and Audit Committee receive a yearly report on anti-fraud and corruption arrangements and the action that has been taken to investigate and prosecute cases. No instances were reported during 2018/19.

To monitor and manage the risk of fraud, the Council is a member of the Lincolnshire Fraud Partnership. The Council also takes part in the Housing Benefit Matching Service (HBMS) work and the National Fraud Initiative (NFI); a bi-annual exercise that matches electronic data within and between public sector bodies to prevent and detect fraud.

8. Management of Change

Objective: Ensuring effective management of change and transformation

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

To support change, the Council works to an agreed project management

methodology. Assistance for staff and adherence to the methodology is overseen by a Senior Programme Officer. Processes are working well as exemplified by two audits during 2018/19 which focused on key projects involving change and transformation; Leisure Contract Procurement and the Council's Growth Programme (whereby three projects were critically evaluated).

Boards are assigned a Programme Sponsor responsible for delivery. In this regard their remit is to direct and provide support to project managers and also ensure a high quality of project development and adherence to the Council's project management methodology. Effective communication is regarded as crucial to delivering change. Strong links have been forged between the relevant Boards and the Communications Team to ensure developments are relayed across the Council and further afield.

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

9. Role of the Chief Financial Officer

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

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

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

The financial management system includes:

- A five year MTFP which is reviewed and updated annually to support the delivery of the Council's strategic priorities.
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies.
- Financial Procedure Rules that are reviewed at intervals of not more than three years. Relevant amendments are made when required.
- Process and procedure guidance manuals.
- Regular budget monitoring by budget holders through monthly financial monitoring meetings and reports.
- Four reports per year to Management Team and Members relating to the Council's financial position stating financial and performance

information.

- Annual accounts supporting stewardship responsibilities which are subjected to external audit and which follow the Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards.

10. Role of the Head of Internal Audit

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

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

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments
2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

To perform this role the Head of Internal Audit:

3. Must be a senior manager with regular and open engagement across the organisation, particularly with the Management Team and with the Audit Committee
4. Must lead and direct an internal audit service that is resourced to be fit for purpose; and
5. Must be professionally qualified and suitably experienced

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

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

The Constitution identifies that the Chief Finance Officer is responsible for providing an efficient and effective Internal Audit service, which will comply with relevant legislation and best auditing practice. The Council reports annually on the effectiveness of the service it receives from Internal Audit.

11. Role of the Monitoring Officer

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

The [Constitution](#) covers the key statutory role and functions of the Monitoring Officer. It also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to undertake the role. The Monitoring Officer has confirmed that this is the case and he continues to review this. Appropriate training is delivered where needs are identified and the Officer has attended a number of training courses during 2018/19.

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

12. Role of the Head of Paid Service

Objective: Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The statutory provisions are included in The [Constitution](#). The authority does not have a Chief Executive following a senior management review and restructure. During 2018/19, the role of Head of Paid service was undertaken by the Executive Director of Operations.

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

13. The Audit Committee

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

The Council maintains and operates a Governance & Audit Committee which is independent of the Policy Committees and the scrutiny function. Membership includes up to three Independent Members. During 2018/19 one Independent Member was re-appointed following the end of their previous term of office. The Committee receives training and has a defined work plan. Substitutes are not permitted unless the substitute has undertaken specific audit committee training.

The core functions of the [Governance and Audit Committee](#) are set out in The Constitution. Its terms of reference are in line with CIPFA guidance and the Committee operates to these.

Some Governance & Audit Committee members are also members of the Overview & Scrutiny Committee. This arrangement has been agreed by Full Council.

14. Compliance with Laws and Regulations

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

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

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

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

The subject of 'Compliance' is detailed within the Council's strategic risk register. This demonstrates the importance the Council places on the requirement to comply with and/or correctly implement relevant statutory legislation.

To ensure legal advice is available to the Council, it is part of the Lincolnshire Legal Shared Services Partnership. They hold a central library of all relevant legislation and are consulted when required. In certain cases, expert or specialised legal advice is also obtained from other sources. Departments take responsibility for receiving and operating to new legislative responsibilities as they arise, with service and business planning providing opportunities to consider the implications and plan for legislative change.

Legislation and Statutory Instruments are dealt with and assessed as they are received (from a range of sources including national email alert systems). Changes in legislation have been implemented successfully with no major issues arising.

The communication of local policies and procedures is embedded in a number of different ways such as SLT meetings and workshops, team briefings and local training. Officers ensure that they are aware of and comply with laws and regulations which are relevant to their roles. During 2018/19 refresher training on the Regulation of Investigatory Powers Act (RIPA) was again provided for relevant staff.

The Council pays close attention to requirements relating to Information Governance and close working arrangements are in place with neighbouring authorities. Training packages have been provided for staff during the year via the Council's on-line training platform. The requirement to be compliant with the General Data Protection

Regulations (GDPR) by May 2018, was a key focus during the year. A work plan is in place to 'test' on-going compliance and assess the robustness of the Council's arrangements. Best practice has been followed with the nomination of officers to the roles of Senior Information Risk Officer (SIRO) and Senior Information Governance Officer (SIGO) and Data Protection Officer (DPO). The Corporate Information Governance Group meets regularly to review information governance related matters and developments.

The Governance and Audit Committee receive reports by Internal Audit which include review of compliance with legislation. This provides the Committee with an overview of compliance with policy and procedures and it can request attendance of managers to provide further assurance.

15. Whistleblowing Arrangements

Objective: Arrangements for whistleblowing and for receiving and investigating complaints from the public

The Council has in place a [whistleblowing policy](#) which is available for reference via the Council's web site and internal intranet and its existence and content is regularly communicated to staff. The Council also works in partnership with Lincolnshire County Council and fellow Lincolnshire authorities to develop and produce a County-wide 'Fighting Fraud' leaflet which is distributed to staff. Annual reports are presented to the Governance & Audit Committee on whistleblowing and more general customer feedback.

The Council also has in place a customer complaints, compliments and comments procedure. The [procedure](#) is available for view on the intranet and web site. When complaints are received an internal independent officer (Customer Experience Officer) is appointed to investigate and in certain circumstances an external appointment may be made. One of the key aspects of the policy is our desire to learn from complaints to rectify matters if required. Where appropriate, complaints that have been referred to the Ombudsman are brought to the attention of the Management Team

16. Member and Officer Development

Objective: Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

A [Member Development Plan](#) is in place, having been renewed in preparation for 2019 elections and subsequent induction processes. This will oversee the training and development requirements of the next administration. The contents of the plan are compiled from a number of sources:

- Requirements from The Constitution
- Areas for development recommended for each committee
- Feedback from Members
- Areas of interest
- Changes to the local government environment including legislation

Member training is also recorded to keep track of the training delivered, details of Member attendance and feedback on the quality and usefulness of the training. During the year, Members have received training on such matters as Treasury Management Strategy Scrutiny; Statement of Accounts Scrutiny; Code of Conduct, Data Protection, Licensing and Development Management related topics.

Staff surveys are undertaken on an annual basis and the content is used to develop appropriate training and to address any issues identified. Recent results of the staff survey were positive and reported improvements in all areas including, communication, motivation and general job satisfaction. It was also pleasing to report that absence due to sickness was at an all-time low. The Council is working to a recently refreshed and approved Workforce Development Plan and also has a Staff Engagement Group, drawn from staff across the Council. A Joint Staff Consultative Committee (JSCC) is in place consisting of staff members and Councillors and part of its remit is to review and approve staff related policies.

To improve the ability of managers with line management responsibility to fulfil their roles more effectively, the HR team hold a series of drop-in workshops where staff can raise issues and seek advice and guidance.

The Corporate Plan is communicated to staff and forms the golden thread for staff appraisals and work objectives for the forthcoming year and associated training/development needs. During 2018/19 much of the Council's training was delivered via an on-line learning and development tool. Steps are in place to look at the suitability of using on-line learning platforms for Members' training courses.

17. Community and Stakeholder Engagement

Objective: Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council meets its statutory responsibilities with regard to engagement on budget setting by holding events with residents, parishes and businesses. The Council uses a variety of channels to communicate with the community and stakeholders; for example:

- West Lindsey Citizen Panel through surveys and focus groups
- West Lindsey District Council website
- Focus groups with residents and local businesses
- E-surveys
- Local press
- Summits
- Social media

The Council uses social media as a communication tool and updates the website on a regular basis with relevant content. Use of social media as a communication tool has rapidly increased. Presently the Council has over 8,000 social media followers.

The Council consults on key service changes and issues that may affect residents of the District. Topics consulted on during 2018/19 included:

- Budget Consultation 2018/19
- Local Council Tax Support Scheme 2019
- Public Realm
- Communication with the Council
- Social Media Use
- Trinity Arts Centre
- Waste and Recycling Satisfaction
- Market Rasen Car Parking

During the year surveys with service users were held (whether they are internal or external to the Council) to ascertain the levels of satisfaction with services. Results are used to develop services to ensure they are delivering the level of service expected by users.

The Council continues to actively support the Community Right to Bid initiative. During the year a number of applications from community groups have been received and considered with decisions fed back.

18. Partnership Governance

Objective: Enhancing the accountability for service delivery and effectiveness of other public service providers incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

To enhance the accountability for service delivery and effectiveness of other public service providers, the Overview & Scrutiny Committee have continued with their programme of holding meetings with strategic partners to discuss their approach to addressing the strategic needs of the residents of the District. During 2018/19 the Committee concluded its work on the health commission and also heard from organisations involved in the delivery of the Ambulance Service and the provision of housing and related support for young adults. Lincolnshire Police also provided the Committee with bi-annual reports on crime, disorder and public safety in West Lindsey.

Strategic partnership working is recognised by the Council as being integral to the achievement of its ambitions. Key partnerships have been formed in the areas of skills, economic development and regeneration to deliver growth and support business across the District. Partnership working is also evident in the form of the Joint Planning Unit (created to devise and oversee delivery of the Central Lincolnshire Local Plan) and the Council's participation in local enterprise partnerships.

The Council's Management Team sponsored a review of all current partnership arrangements in place across the Council to ensure on-going relevance and effectiveness. In conducting this work, reference was made to the Audit Commission's '[Governing Partnerships](#)' Report. The work involved the identification of the Council's key partnerships; their effectiveness and on-going relevance and put in place measures for the provision of regular reporting by the respective officer lead

on the achievements, issues and future intentions of the relevant partnership. This assists in gauging whether any partnership is providing value for money. A summary report was presented to the Corporate Policy and Resources Committee which endorsed the approach taken by the Council. To provide guidance for staff a Partnership ACoP is in place. The Council's Partnership Register has been cleansed and populated with up to date information.

Our current Contract Procedure Rules cover contract monitoring procedures and management of delivery. The accountability of service providers is managed through contract management and work has been undertaken to ensure The Council has robust contract management procedures in place.

Annual Governance Statement 2018/19 Action Plan

Issue	Description	Action	Current Position	Date Due	Officer	BRAG
Risk Management	Assess the Council’s overall ‘risk appetite’ and subsequently undertake a review of Strategic Risks and develop a means of ensuring that project related risks are consistently recorded and managed	<ol style="list-style-type: none"> 1. Identify key strategic matters 2. Undertake risk appetite training with key officers/Members 3. Populate strategic risk register 4. Refresh Council’s Risk Strategy 5. Obtain approval from G&A Cttee 	<ol style="list-style-type: none"> 1. Corporate Plan (2019-2023) approved setting out strategic priorities 2. Risk appetite workshop held with Mgt Team 3. Framework for capturing strategic risks approved 4. Members’ workshops to discuss risk awareness and gauge risk appetite booked for June/July ’19 	31/03/2020	I. Knowles	Green
Peer Review	Prepare for and hold a Peer Review to set improvement targets and seek third party accreditation against a nationally recognised framework	<ol style="list-style-type: none"> 1. Prepare effectively for the review in Jan 2020 2. Hold review and facilitate requests of relevant personnel 3. Receive feedback and recommendations 4. Present findings to Members 5. Draw up plan to implement recommendations 	<ol style="list-style-type: none"> 1. Lead officer appointed 2. ToR agreed 3. Timetable agreed for Peer Review at WLDC – Jan 2020 	31/07/2020	I. Knowles	Green
Governance Review	Work on the findings of the Governance Review, undertaken by Internal Audit, to ensure the Council’s culture and values are consistently understood and exhibited	<ol style="list-style-type: none"> 1. Review findings with Mgt Team 2. Allocate actions to key officers 3. Monitor and review progress 4. Report on completion to Mgt Team and G&A Cttee and 	<ol style="list-style-type: none"> 1. Findings discussed with Mgt Team and action plan developed 2. Monitoring of progress underway 	31/07/2020	I. Knowles	Green

		incorporate main aspects into AGS for 2019/20. 5. Arrange for re-evaluation exercise to be held				
Member Induction & Training	Induct new and returning Councillors and implement the Member Development Training Plan	1. Complete initial induction programme and obtain Member feedback 2. Convene Member Development Group (MDG) 3. Finalise year 1 plan and present to G&A Cttee Oct '19	1. Initial induction programme completed and feedback process underway 2. Meetings arranged for MDG	31/03/2020	I. Knowles	Green

Annual Governance Statement 2017/18 Action Plan

Issue	Description	Action	Current Position	Date Due	Officer	BRAG
Commercialism	To ensure that related decision making and governance arrangements are effective and transparent and form part of the Monitoring Officer's oversight and reporting duties	<ol style="list-style-type: none"> 1, Monitoring Officer to report annually on governance arrangements to Management Team and Governance and Audit Committee 2. Council's Constitution is updated as appropriate 	<ol style="list-style-type: none"> 1. Details of the Governance arrangements for Commercial Activity were reported by MO to G&A Committee summer 2018 which gave assurance to the Committee 2. Part IV of the Constitution revised to include the roles of company directors in the scheme of delegation 3. Further revisions reported to G&A Committee in April 2019 and approved at Full Council in May 2019 	31/07/2019	Eve Fawcett-Moralee	Black
Wellbeing Contract	Implementation of the new service must be closely monitored, partnership working arrangements must be effective and the intended outcomes for service users must be understood and achieved	<ol style="list-style-type: none"> 1. Assess usefulness of measures adopted to track delivery of service against anticipated outcomes 2. Implement and review results of user satisfaction surveys 3. Ensure a robust overview and effective delivery of partnership working 	<ol style="list-style-type: none"> 1. KPIs monitored each month and are used to assess demand levels and staffing locations 2. Customers are graded on entry to and exit from the service 3. A robust legal agreement underpins the partnership arrangement and governance 	31/07/2019	Mark Sturgess	Black

			mechanisms are working well 4. Review paper submitted to setting out progress and suggested next steps			
Review of Challenge & Improvement Committee	To ensure that the Committee is effective in its operations and performs a robust scrutiny function	<ol style="list-style-type: none"> 1. Meet with Chair(s) to set scope of the review which includes 'Call-In' process 2. Undertake review, assess findings and identify areas to address, using KPMG training material as reference point 3. Report findings back and create and monitor project plan 4. Track delivery of plan and assess level of improvements 	<ol style="list-style-type: none"> 1. Meeting held to discuss matter and ToR agreed for review 2. Proposals assessed and agreed at G&A Cttee and formally adopted at Annual Council May 2019 	31/03/2019	Mark Sturgess	Black
New Corporate Plan (2019-2023)	The new Plan must clearly set out the strategic aims of the Council and the outcomes it seeks, based on the issues and opportunities facing the District	<ol style="list-style-type: none"> 1. Produce State of District Report for Members 2. Conclude mission, vision, value work 3. Identify priorities to be addressed 4. Officers generate options for action 5. Set measures to track progress 6. Produce Corporate Plan document and obtain approval 	<ol style="list-style-type: none"> 1. State of District Report produced and presented to Members 2. Mission, vision and values work completed 3. Initial set of priorities established and officers identifying options and relevant measures 4. Draft Plan approved by CPR Cttee 14th Feb 2019 5. Plan adopted by Council 4th March 2019 	31/03/2019	Ian Knowles	Black
PCI DSS Processes	To achieve compliance with industry standards	1. Produce audit trail of SAQ responses and undertake an annual scoping exercise	1. Actions set out within last audit report being worked through	31/03/2019	Ian Knowles	Black

		<ul style="list-style-type: none"> 2. Record regular inventory and check of card machines 3. Training undertaken by all relevant officers 4. Produce and maintain accurate network diagrams 5. Receive follow-up audit findings 	<ul style="list-style-type: none"> 2. Follow-up audit arranged for Q3 3. Follow-up audit reports substantial assurance 			
Value for Money	To complete VfM assessments across service areas to enable senior management set clear priorities for improvement	<ul style="list-style-type: none"> 1. Produce series of VfM assessments for Management Team to review and prioritise action 2. Establish improvement plans for teams and track through business planning activity 	<ul style="list-style-type: none"> 1. VfM Handbook written for staff 2. Work plan produced to ensure VfM considerations are strengthened 3. VfM strategy and work plan approved by CPR Cttee 14th Feb 2019 	31/07/2019	Ian Knowles	Black



Governance and Audit

Tuesday, 23 July 2019

Subject: Audited Statement of Accounts

Report by:

Executive Director of Resources

Contact Officer:

Tracey Bircumshaw
Strategic Finance and Business Support Manager
01427 676579

tracey.bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

The 2018/19 Statement of Accounts is presented for scrutiny and adoption.

RECOMMENDATION(S):

- 1) That Members review the attached Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.**
- 2) That Members approve the Statement of Accounts for 2018/19.**
- 3) That Governance & Audit Committee permit the Section 151 Officer and the Chairman of this Committee to certify the letter of representation to our Auditor, Mazars, on completion of the audit.**

IMPLICATIONS

Legal:

None arising from this Report.

Financial : FIN/49/20

The Statements of Accounts 2018/19 has been prepared in accordance with proper accounting practices and the requirements of International Financial Reporting Standards (IFRS). This is intended to provide for comparable accounts across all accounting boundaries, public and private, national and international.

The Actual overall Outturn has realised a surplus of £1.583m, of which £0.919m relates to one off budget provision for projects funded from reserves and which have approval for carry forward as they span financial years.

This leaves a £0.664m surplus (4.2% of the approved budget) of which £0.263m has been transferred to the Valuation Volatility Reserve and £0.401m to the General Fund Balance.

Capital Investment totalled £21.079m.

In respect of Usable Reserves, we remain in a healthy position with balances detailed below;

- General Fund working balance totals £3.849m, (£3.914m 2017/18)
- General Fund Earmarked reserves total £15.833m, (£12.635m 2017/18)
- Capital receipts total £3.362m, (£3.015m 2017/18)
- Capital Grants unapplied £0.587m, (£0.368m 2017/18)

A number of financial performance ratios are contained within the report which illustrate that the Council remains in a healthy financial position.

Staffing :

None arising from this report.

Equality and Diversity including Human Rights :

None arising from this report.

Risk Assessment :

None arising from this report.

Data Protection Implications :

None arising from this report.

Climate Related Risks and Opportunities :

None arising from this report.

Title and Location of any Background Papers used in the preparation of this report:

Code of Practice on local authority accounting in the United Kingdom 2018/19.

Code of Practice on Local Authority Accounting in the United Kingdom – Guidance notes for practitioners 2018/19 Accounts.

The Accounts and Audit (England) Regulations 2015.

Papers are located in the Financial Services section, Guildhall.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

1 Introduction

- 1.1 The Statement of Accounts for 2018/19 (Appendix A) has been prepared under the International Financial Reporting Standards based Code of Practice on Local Authority Accounting (the Code).
- 1.2 Following the Accounts and Audit Regulations 2015 the Council's Statement of Accounts, subject to audit, must be certified by the Chief Finance Officer and published before the 31 May. Following completion of the external audit the Council must formally approve the accounts before the 31 July.
- 1.3 The Committee is therefore presented with the Audited Statement of Accounts, which was approved for issue to the Auditor, Mazars, by the Executive Director of Resources (S151 Chief Finance Officer) on 29 May 2019.
- 1.4 This Committee is responsible for the approval of the Statement of Accounts and any material amendments recommended by the external auditors.
- 1.5 Members of the Governance and Audit Committee will be provided with specific training on the Statement of Accounts to enable them to meet the requirements set out in 1.4.
- 1.6 The Statement of Accounts has been combined with the Annual Governance Statement (AGS) as in previous years whereby the Council publishes one document, clearly identifying that these are separate statements.
- 1.7 The External Auditor (Mazars) commenced their audit 20 May 2019. The auditors have confirmed that there are no adjustments required to Statements issued to them in May. With no errors identified.
- 1.8 Whilst the Statement of Accounts, has been available for inspection by the electorate from 3 June 2019 to 14 July 2019 no such requests have been made.

2 Financial Performance Indicators 2018/19

- 2.1 Taking information from the main Statements within the Accounts i.e. the Income and Expenditure Account, the Movement in Reserves and the Balance Sheet, the following financial performance indicators have been derived and are provided in the table below, providing a view of the Council's financial stability and health.

RATIOS		
PERFORMANCE INDICATORS	2017/18	2018/19
Liquidity Ratio	4.05%	2.92%
A ratio of above 1 reflect the Council can meet its short term obligations		
Working Capital (net current assets)	13,502	10,139
The difference between Current Assets and Current Liabilities. Illustrating the Council has adequate current assets to meet its current liabilities		
Working capital as a % of Actual Net Revenue Expenditure	97.17%	65.37%
Working capital is at 65.37% of Net Revenue Expenditure showing we have adequate net current assets to enable continued operations should the need arise		
General Fund Reserves as % of Actual Net Revenue Expenditure	119.10%	126.91%
This indicator measures the period over which the Council could continue to operate without using grant and tax income by utilising its reserves. It should be noted that reserves are set aside to mitigate risks and to fund investments. If the use of reserves were to be used to support the revenue budget this would impact greatly on the achievement of the Council's Corporate Plan priorities.		
Total Liabilities as % of Total Assets	83.99%	90.98%
The indicator provides assurance that the Council can meet all its liabilities from its assets		
% Movement In Pension Liability	0.82%	16.16%
The ratio reflects the increase/ (decrease) in pension liability. The movement reflects changes in the actuarial assumptions of such factors as expected rate of return on investments, mortality, future inflation (including pay awards and pension increases), this can have a significant impact on the balance.		
Pension Fund Liabilities as a % of Net Revenue Expenditure	-263.99%	-274.74%
Whilst the Pension Liability may not be an immediate concern it does have an impact on the level of contributions the Council is required to make to repay the Pension deficit. The Council has profiled to repay the liability over a 20 year period through an annual contribution.		
% Change in Council Tax Base	0.28%	0.92%
1% growth on the Tax Base generates £60k p.a. of additional Council Tax revenue.		
% Change in Rateable Value (Business Rates)	16%	-0.69%
In 2017/18 the large increase is due to the revaluation exercise undertaken by the Valuation Office as at 01/04/2017 Changes in the taxbase reflect Growth ie new and expanding business premises less any impact of Revaluation appeals		

- 2.2 The Council remains in a healthy position with good levels of reserves and the ability to meet its liabilities. The pension fund is not an immediate concern, however it does have an impact on the

level of finances in the future, as shown by the movement over the last two years. The Council has profiled to repay the liability over a 20 year period through an annual contribution.

3 The Statement of Accounts

The Audited Statement of Accounts 2018/19 is attached at Appendix A. The main elements of which are detailed below;

3.1 Expenditure Funding and Analysis (Note 7 to the accounts)

This is a statement which details the net expenditure utilised by our service Clusters which (Chargeable to the General Fund) are added to the statutory accounting adjustments i.e. capital charges, pensions. This then reconciles to the Comprehensive Income and Expenditure Account.

3.2 Comprehensive Income and Expenditure Statement (CIES)

This Statement records the day-to-day expenditure incurred in providing services and includes salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. This statement also shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, but such "accounting costs" do not form part of the amount required to be raised through Council Tax. In 2018/19 there was a surplus on the Provision of Services totalling £1.858m (£1.588m deficit 2017/18).

3.3 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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting.

The Councils usable reserves total £23.631m (£19.933m 2017/18).

3.4 Balance Sheet

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

those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Usable Reserves total £23.631m (£19.933m 2017/18). 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 MIRS Statement line 'Adjustments between accounting basis and funding basis under regulations'. Unusable Reserves total a deficit of £17.660m (£11.924m 2017/18) thus giving a net balance sheet position of £5.971m, (usable reserves exceed unusable reserves).

3.5 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. There has been an overall increase in cash of £2.113m (increase of £2.158m 2017/18).

3.6 Notes to the Accounts

The Notes to the Accounts include additional information including the accounting policies, material items of income and expense and explanations of elements contained within the Comprehensive Income and Expenditure Account and the Balance Sheet.

3.7 Other Financial Statements

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging Authority in relation to Non-Domestic Rates and Council Tax and illustrates the way in which

the fund balance is distributed to preceptors and the General Fund.

4 Amendments to the Statement of Accounts since 29 May 2019.

- 4.1 There has been no material misclassifications in 2018/19.
- 4.2 The Officers identified two small presentational changes to the Statement of Accounts due to the recent McCloud Judgement. The Council received an updated Actuarial Valuation 8 July 2019 which identified an increase in net liabilities (£0.332m), as this is below materiality no adjustments were made to the Statement of Accounts. However, as a figure was now known Note 34 Contingent Liabilities narrative in relation to the McCloud Judgement had to be removed. In Note 33 Pensions the narrative was extended to explain no adjustment had been made in relation to the McCloud Judgement. The Statement of Accounts that were originally certified by the Chief Finance Officer and published have now been updated accordingly and agreed with External Audit.
- 4.3 There have been no events after the reporting period to declare.

5 Summary

- 5.1 The Statement of Accounts 2018/19 is attached at Appendix A.
- 5.2 Following the certification of the accounts on 29 May 2019 by the Chief Financial Officer our auditors (Mazars) have carried out their final accounts audit. This has resulted in two minor representational amendments. The audit findings reflected in this report will be used to inform the finance team's review of the final accounts process and the identification of improvements.
- 5.3 It is recommended that Members having considered the Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.
- 5.4 Members are requested to approve the Statement of Accounts for 2018/19 and permit the Chief Finance Officer in consultation with the Chairman of this Committee to certify the letter of representation to Mazars on completion of the audit. A copy of the letter can be found at Appendix B.
- 5.5 As part of the external audit process the Chairman of this Committee and the Chief Finance Officer have provided written assurance to the auditors on a number of matters relating to the processes in place to prevent, detect and report fraud.

5.6 The Finance Team, have succeeded in their aim of delivering an excellent set of Statements by the statutory deadlines and their working papers have been again, commended by the Auditor.

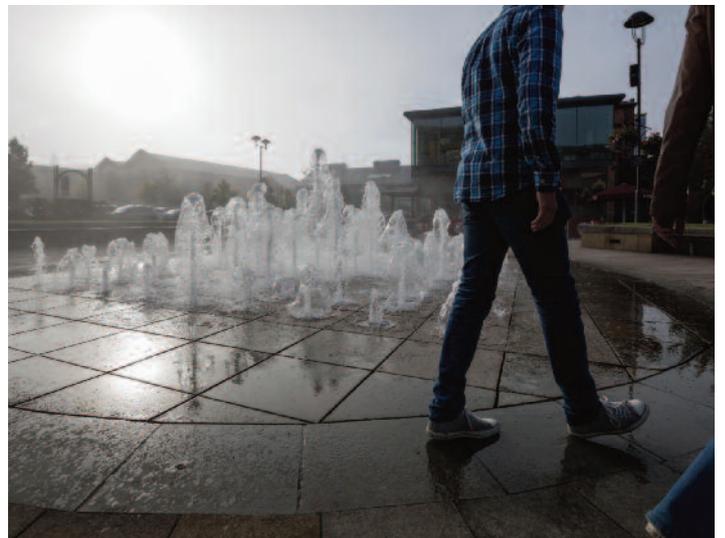
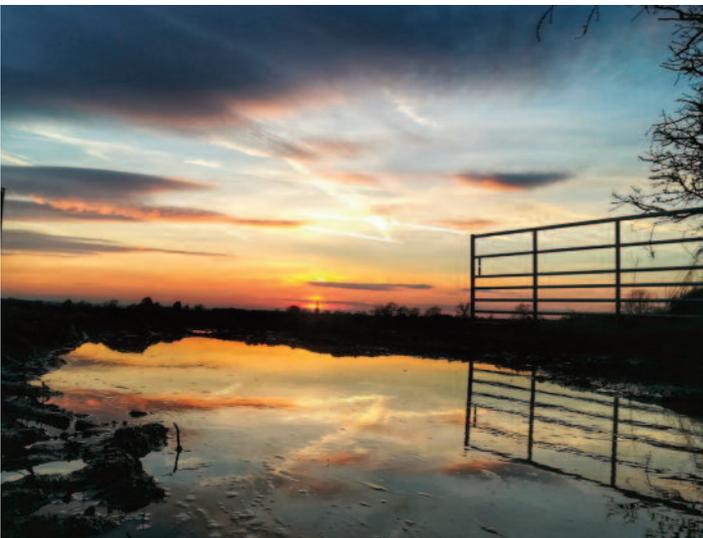
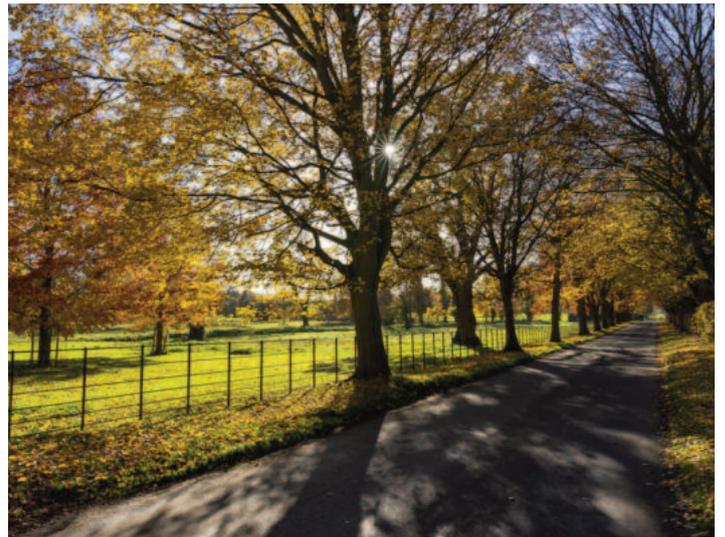
Statement of Accounts & Annual Governance Statement 2018/19



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NARRATIVE REPORT



INTRODUCTION

Message from the Leader of the Council, Councillor Giles McNeill

I am pleased to be able to provide an introduction to West Lindsey District Council's Financial Statements for 2018/19 as it gives me the opportunity to highlight some of our achievements over the past year in delivering our Corporate Plan and our objectives for the future.

The Narrative Report below will provide a summary of our performance 'in year' and an overview of our financial position and our financial resilience against risks such as further funding reductions.

During this last year, we have made some real strides forward to delivering a better future for the people of West Lindsey.

Concerning being **Open for Business**, we were able to support the development of the new Travelodge in Gainsborough. Our **Partnership** working has seen innovation and delivery; for example, we have worked with the private sector to improve shops and premises on Market Street. Also, we have secured a development partner, Muse, who will work with us to deliver housing and regeneration. We are supporting our businesses through the provision of funding for engineering equipment within Gainsborough College, to create 20 engineering Apprenticeships for young people who will provide much-needed skills for local employers. Works on our new Crematorium have also commenced, and we hope to be open to the community in January 2020.

In putting our **People First** their health and wellbeing is of high importance to us. Our investment at West Lindsey Leisure Centre and a new outreach service is encouraging more participation in exercise, and we hope that the new dry leisure facility at Market Rasen will also be as successful. These investments have been achieved through our Leisure Management Contract with SLM Ltd. We continue to put our customers at the centre of everything we do and have a programme of work which will see enhancements in the way our customers can engage with us and improve how our services are delivered. We continue to support our communities and have distributed £84,299 to local groups, generating £337,747 in external match funding for the district, achieving £4 for every £1 invested.

Thanks to partnership working we have secured a new hourly train service Monday to Saturday connecting Gainsborough Central in the heart of the town to Retford, Worksop and Sheffield. This new service will play an essential role in connecting communities and supporting our broader town centre investment. This new service has been achieved working with Arriva Rail North, Lincolnshire County Council and the North Notts & Lincs Community Rail Partnership.



In terms of **Asset Management**, our portfolio of investment properties is now generating a contribution towards the cost of delivering our services to the tune of £606k per annum and therefore protecting us against reductions in service.

We continue to deliver the **Local Plan** and to support the development of local neighbourhood plans.

Our services continue to provide **Excellent Value for Money**; this is achieved through such initiatives as utilising capacity by increasing the number of Trade Waste contracts, charging for services which do not benefit everyone and securing external contracts to generate an income for the Council while achieving a benefit for the community. An example of which is the Wellbeing Service contract, which will generate a £69k contribution.

We have approved a new Corporate Plan 2019/2023 and have set appropriate objectives for West Lindsey to continue to deliver further improvements to the district for the benefit of our residents over the next five to ten years.

I want to thank the staff of West Lindsey District Council in contributing to our continued success.



Message from the Executive Director of Resources (S151) – Ian Knowles

As the Council's Chief Finance Officer I am pleased to present the 2018/19 Statement of Accounts.

This year has seen significant progress against our Corporate Plan objectives. We have seen the opening of a new hotel in Gainsborough and initiated two major building projects and secured over £1.7m of recurring income over the last two years. In addition we have secured over £10m in grants to support delivery of our Corporate Plan.

West Lindsey District Council has continued its commercial approach to managing the reduced government funding whilst achieving quality services, supporting communities and maintaining financial sustainability. Over the last year a number of services have been supported with additional resources.



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

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

We have once again shown good financial stewardship over the year as reflected in these accounts and delivered a small surplus from services of £0.137m in addition to corporate savings and additional income from Business Rates (NNDR) resulting in an overall surplus for the year to £0.401m. This compares with the accounting surplus of £1.858m shown in the Comprehensive Income and Expenditure Statement on page 31. These two numbers are reconciled on page 19 of the Narrative Report, with the movement reflecting the legislative exemption from certain financial accounting practices that ensures the tax payer is not funding non cash transactions.

Our Balance Sheet position remains strong with Earmarked Reserves of £15.834m being set aside for significant investment and service improvement initiatives. The General Fund balance stands at £3.850m which is above our minimum requirement for risk mitigation of £2m, and will provide increased opportunities for investment and development across the district and within the Authority. This position has been supported by achieving tax collection rates above the national average.

Our financial strategy is reliant on significant capital investment some of which is supported by borrowing. The Capital Investment Strategy and Treasury Management Strategy are both aligned with the latest guidance and regulation from Chartered Institute Of Public Finance and Accountancy (CIPFA) and Ministry of Housing, Communities and Local Government (MHCLG). During this year the Authority borrowed from Public Works Loans Board (PWLB) for the first time in two decades. The amount borrowed is £11m with an expectation that borrowing will increase in the future to £34m. Our borrowing costs are fully supported by the income generated from the schemes being implemented and at this time reduce the charge to Council Tax payers.

In terms of future financial risks, during the year the government has been consulting on Fair Funding which seeks to revise the funding arrangements for Local Authorities for the financial year 2020/21, in addition to undertaking a review of the Business Rates Retention Scheme, the council having benefitted from being part of the Greater Lincolnshire 100% retention Pilot for 2018/19. It is expected that the Government will implement a 75% retention scheme for 2020/21. We have engaged fully with these consultations and will continue to seek to influence the outcome in the best interests of West Lindsey residents.



Marshall's Yard, Gainsborough

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

1. THE DISTRICT OF WEST LINDSEY

The District covers 1,156km² (447 square miles), with the administrative centre in Gainsborough on the River Trent to the west, and the market towns of Caistor and Market Rasen to the east.

The topography of the District varies from the low Trent Valley to the west to the rolling hills in the Lincolnshire Wolds Area of Outstanding Natural Beauty in the east. There were 20 wards in the district made up of 97 parishes, of which 72 have Parish Councils and 19 smaller ones who have parish meetings. One of the main features of the district is that the population is spread across a large area. The mid-year estimates for 2017 give the district a population of 94,300 at a density of 81.11 people/km².

The information provided below is based on the latest available. The full State of the District report can be found at www.west-lindsey.gov.uk/my-business/growth-and-regeneration/stateofthedistrict



Homelessness is low in West Lindsey. There were no recorded rough sleepers in 2018, compared to the average rate of 15 (per 1,000) for the country as a whole.

As of March 2018, the number of long term empty homes in West Lindsey stood at 555. Down from its peak of 931 in October 2012.

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

58.7% of West Lindsey residents are of working age as of 2017. This equates to 55,400 people which is almost 5% lower than the national average

In 2017, 70% of pupils attained A* - C (including Maths and English) at GCSE

44.6% of residents are employed in managerial and professional jobs and 18% are employed in skilled trades which is significantly higher than the regional average

The number of businesses in West Lindsey grew 2.9% in 2016, in line with the Lincolnshire average. The majority of new businesses in the district are created in Gainsborough.

The average house price in Gainsborough as of December 2018 is £164,333. The national average is £230,776.

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

*Calculations are based on the 2011 census

2. WEST LINDSEY DISTRICT COUNCIL

West Lindsey District Council has a vision;

West Lindsey is a great place to be, where people, businesses and communities can thrive and reach their potential

To achieve this vision Our Corporate Plan Priorities for 2018/19 are;

OPEN FOR BUSINESS

To deliver appropriate housing to support growth ambitions with the growing population attracting inward investment creating jobs and prosperity. We will also support businesses with growth ambitions and expand the Agri-food sector.

PEOPLE FIRST

Ease of access to services, enhance and maintain a safe environment, meet local housing need and provide opportunities for art and leisure.

ASSET MANAGEMENT

To maximise the benefits and returns and value of our assets. Maximise their benefit to the communities and utilise them to support inward investment.

LOCAL PLAN

The Central Lincolnshire Local Plan adoption to support sustainable growth, including supporting Neighbourhood Plans. Gainsborough will be the key growth and regeneration area with infrastructure to support this growth.

EXCELLENT VALUE FOR MONEY SERVICES

Despite financial constraints we will continue to ensure that the services we deliver are high performing at an acceptable cost.

PARTNERSHIPS

Greater partnership working, with the public and private sector, for the benefit of Lincolnshire through better sustainable yet cost effective outcomes.

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

OUR SERVICES

Our services have been reported to management and Committees in the following clusters during 2018/19;

- **People** – Front facing customer services – i.e. Benefits, Council Tax, Operational Services, Homelessness and Housing, Licensing, Customer Services, Food Safety
- **Place** - Area based services, i.e. Development Management, Economic Development, Car Parking, Asset Management, Leisure
- **Policy & Resources** - Corporate services, i.e. Finance, Human Resources, Committee Administration, ICT, Business Improvement, Elections, Corporate Fraud

OUR COMPANIES

The Council also holds share equity in the following companies;

WLDC Trading Ltd, Surestaff (Lincs) Ltd, WLDC Staffing Services Ltd, a group of companies created to enable trading commercially. The companies supply agency workers to both West Lindsey District Council (WLDC) and local businesses, supporting the creation of local jobs for local people.

Market Street Renewal Ltd – a joint venture company with Dransfield Properties Ltd, each holding 50% share equity. The company aims to act as a delivery vehicle capable of attracting investment to Gainsborough that might not otherwise have been available to the Council alone. The purpose of the company is to support regeneration of the Town Centre through the redevelopment of properties.

Further transactions can be found at Note 30

OUR CULTURE

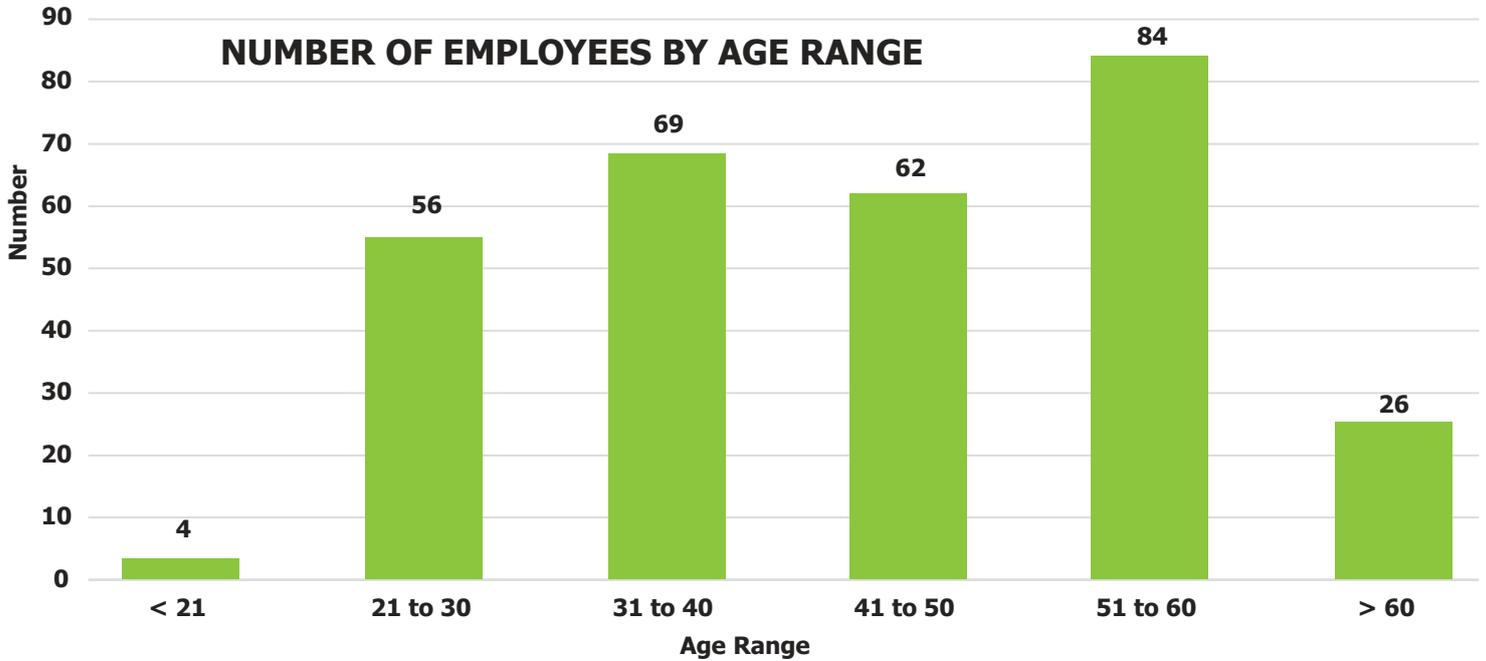
Our vision is complemented by a set of values that cut across the whole organisation. We make our values real by demonstrating them in how we behave every day. Our values are central to achieving our behaviours which underpin effective performance in the workplace. Our values are;



OUR RESOURCES

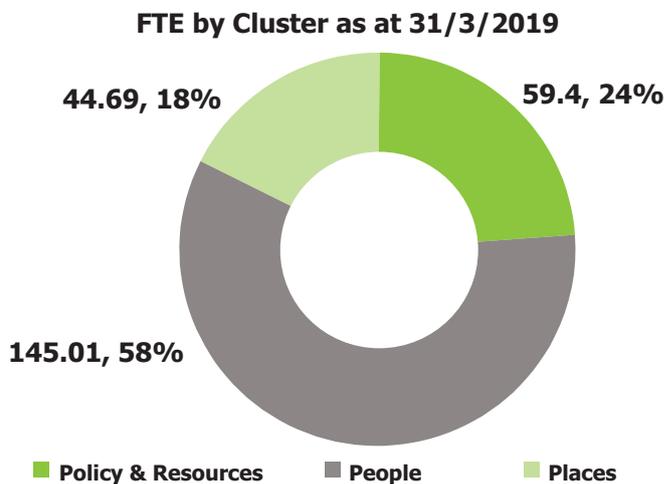
The Council is conscious of the demographic of its employees and is keen to ensure business continuity by establishing a workforce development and training plan that will explore and support the organisational need for succession planning.

Staffing numbers as at 31 March 2019 totalled 301 (which includes 4 apprentices) and are analysed below;



Gender	Total	Percentage
Male	136	45%
Female	165	55%

Full time equivalents totalled 249.1 and are engaged in cluster areas as detailed below;

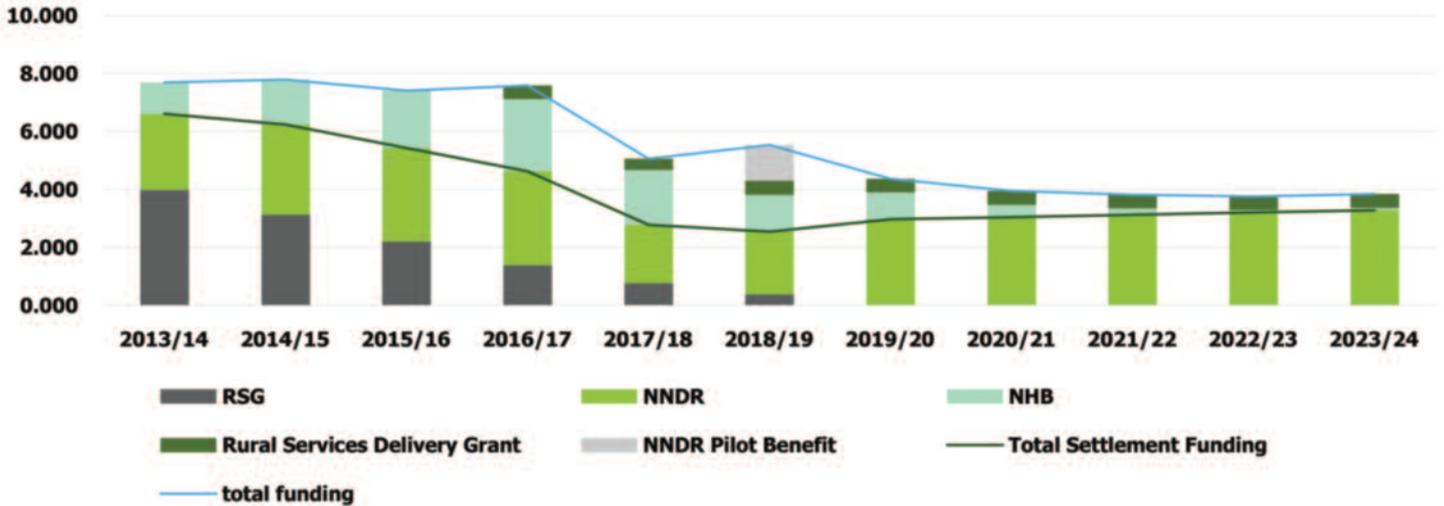


OUR FUNDING

West Lindsey District Council Settlement Funding Government Grant

As the Government aims to phase out non-specific grant funding, instead allowing councils to retain a higher proportion of business rates, we have seen a reduction in our Revenue Support Grant (RSG), from £4m to £0. We have managed to maintain a balanced budget through sound financial management and planning. The graph below illustrates government funding levels from 2013/14:

Government Funding Reductions



Note: RSG is Revenue Support Grant, NNDR is National Non Domestic Rates (Business Rates) NHB is New Homes Bonus Grant, variances reflect how our funding has been affected by Government policy and austerity drive since 2013/14.

Having agreed to the 4 year settlement 2016/17 to 2019/20 our strategy is to be non-reliant on RSG by 2020 the table below illustrates funding during this period and future estimates as detailed within the Medium Term Financial Plan 2019/20-2023/24.

SETTLEMENT FUNDING	4 Year settlement period				Estimated Fairer Funding Review and Business Rates Retention Scheme Review impact			
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
RSG	1.387	0.761	0.371	-0.065	0.000	0.000	0.000	0.000
NNDR - Baseline funding	2.766	2.823	3.407	2.974	3.047	3.126	3.204	3.283
RSDG	0.471	0.381	0.475	0.474	0.474	0.474	0.474	0.474
TOTAL SFA	4.624	3.965	4.253	3.383	3.521	3.600	3.678	3.757
% Annual Change	-14.74	-14.26	7.26	-20.45	4.07	2.24	2.19	2.14
NHB	2.487	1.896	1.278	0.924	0.450	0.234	0.083	0.000
TOTAL SFA incl NHB	7.111	5.861	5.531	4.307	3.971	3.834	3.761	3.757
% Annual Change	-4.03%	-17.58%	-5.63%	-22.12%	-7.81%	-3.46%	-1.88%	-0.11%

In addition to Government Funding, we set our own fees and charges circa £5.721m and the Council sets its annual Council Tax - £207.27 for 2018/19 generating £6.057m in revenue.

OUR EXTERNAL ECONOMIC OUTLOOK

The current government continues to develop its exit agreement for the UK with the European Union. At this time there is significant uncertainty over what this will mean both economically and politically.

The Government has yet to determine the overall amount of settlement funding for local government and have therefore not announced any future financial settlement beyond 2019/20 as it endeavours also to finalise its Fair Funding Review for Local Government and the details of a 75% Business Rates Retention Scheme. We continue to influence the outcome of their proposals for the benefit of West Lindsey and its residents through responses to consultations and through our networks; Local Government Association (LGA), Rural Services Network (RSN), District Council Network (DCN) and County Council Network (CCN). However the Council is well placed to deal with this uncertainty through its sound financial management and planning and the level of its general reserves which can be utilised to support this uncertainty should the need arise.

At a regional level the National Industrial Strategy (Building a Britain fit for the future) is being rolled out with the 'Midlands Engine' for the East and West Midlands. The Midlands Engine is the primary driver for regional policy and development, it will focus on five key objectives (Midlands Engine Strategy – March 2017):

- i. **Improving connectivity** in order to raise productivity.
- ii. **Strengthening skills** in order to make the Midlands a more attractive location for businesses.
- iii. **Supporting enterprise and innovation** in order to foster a more dynamic regional economy.
- iv. **Promoting the Midlands** nationally and internationally in order to maximise trade and investment in the region.
- v. **Enhancing quality of life** in order to attract and retain skilled workers, as well as to foster the local tourist economy.

The Greater Lincolnshire Local Enterprise Partnership (GLLEP), of which we are aligned, has produced its own sub regional view of the Industrial Strategy and highlighted the following themes:

- Future proofing the agri-food industry
- Becoming a rural test-bed for energy and water
- Developing new solutions supporting people to live well for longer in rural areas
- A high-quality, inclusive visitor economy
- An efficient and highly skilled ports and logistics industry

The Council has already had approved £6.2m of Grant Funding by the GLLEP to support our regeneration of Gainsborough and the Food Agri-Zone at Hemswell Cliff.

We continue to work with Homes England to deliver housing for the district, having unlocked sites in Gainsborough from grant funding schemes and local development orders for planning purposes. We continue to engage with land owners and developers to deliver these sites.

The Council will continue to be pro-active through participating in all consultation exercises and will align its Policies and Strategies to ensure we maximise our opportunities for grant funding whilst continuing to work in partnership to achieve the best outcomes for our communities.

3. HOW THE COUNCIL IS GOVERNED

Political Structure

West Lindsey District Council has 20 wards within its area represented by 36 elected Members (Councillors) who sit on the Council.

During 2018/19 the Council Leader was Councillor Jeff Summers and the political make up was as detailed below;

- Conservatives – 24
- Liberal Democrat - 7
- Labour – 3
- Independent – 1
- Lincolnshire Independent - 1

Elections held on 2nd May 2019 resulted in changes to the make up of the Council.

The Council is managed by 3 Executive Directors;

- Executive Director of Operations
- Executive Director of Resources (Chief Finance Officer S151)
- Executive Director of Economic and Commercial Growth

In addition the Strategic Lead Corporate Governance and People (Monitoring Officer), and Strategic Lead Customer First, make up the Management Team. Further details of our Senior Officers are contained in Note 27.

A number of officer Boards are also in place to approve Business Cases for service and project investment and manage and monitor programme and project delivery to achieve the Council's Corporate Objectives.

The Annual Governance Statement 2018/19 (included with this publication) contains a number of significant governance issues which will be addressed during 2019/20

- Risk Management – Assess risk appetite and undertake a review of Strategic Risks and ensure that project risks are consistently recorded and managed.
- Peer Review – to be undertaken to set improved targets and seek third party accreditation against a nationally recognised framework
- Governance Review – Ensure the Council's culture and values are consistently understood and exhibited
- Member Induction Training – Induct new and returning Councillors and implement Member Development Training

The Annual Audit Report 2018/19, provided by our independent Internal Auditors, Audit Lincolnshire, has assessed the organisation as performing well in its governance, risks, internal and financial controls.

The Constitution of the Council, which sets out the basic rules governing the Council's business, can be found at <https://www.west-lindsey.gov.uk/my-council/how-the-council-works/>

4. HOW THE COUNCIL OPERATES TO ACHIEVE OUTCOMES

The Council operates to achieve our objectives through utilising our resources (inputs) to achieve effective, efficient and economical outputs, ensuring value for money is achieved.

The Council's key services include;

Operational Services – keeping communities clean and healthy

Leisure – supporting the health and well-being of our residents

Home Choices – providing housing and support to vulnerable/homeless people

Environmental Services – keeping our people safe

Economic Regeneration and Planning – keeping our communities sustainable, encouraging housing regeneration and economic growth,

Our resources include employees, money, partners, contractors, assets etc. which are used to their best effect to deliver the desired outcomes.

Staff are appraised on an annual basis and their objectives set to support delivery of corporate priorities. The annual budget setting and budget monitoring processes ensure our money is aligned to deliver services and projects to achieve our outcomes, both processes having achieved a High Assurance rating from our Internal Auditors.

5. STRATEGY AND RESOURCE ALLOCATION

The Council has established a portfolio of programmes to deliver the Corporate Plan 2016/17 – 2020/21. The Financial Strategy 2018/19 has been developed to ensure the Council has funding to support delivery of the corporate objectives.

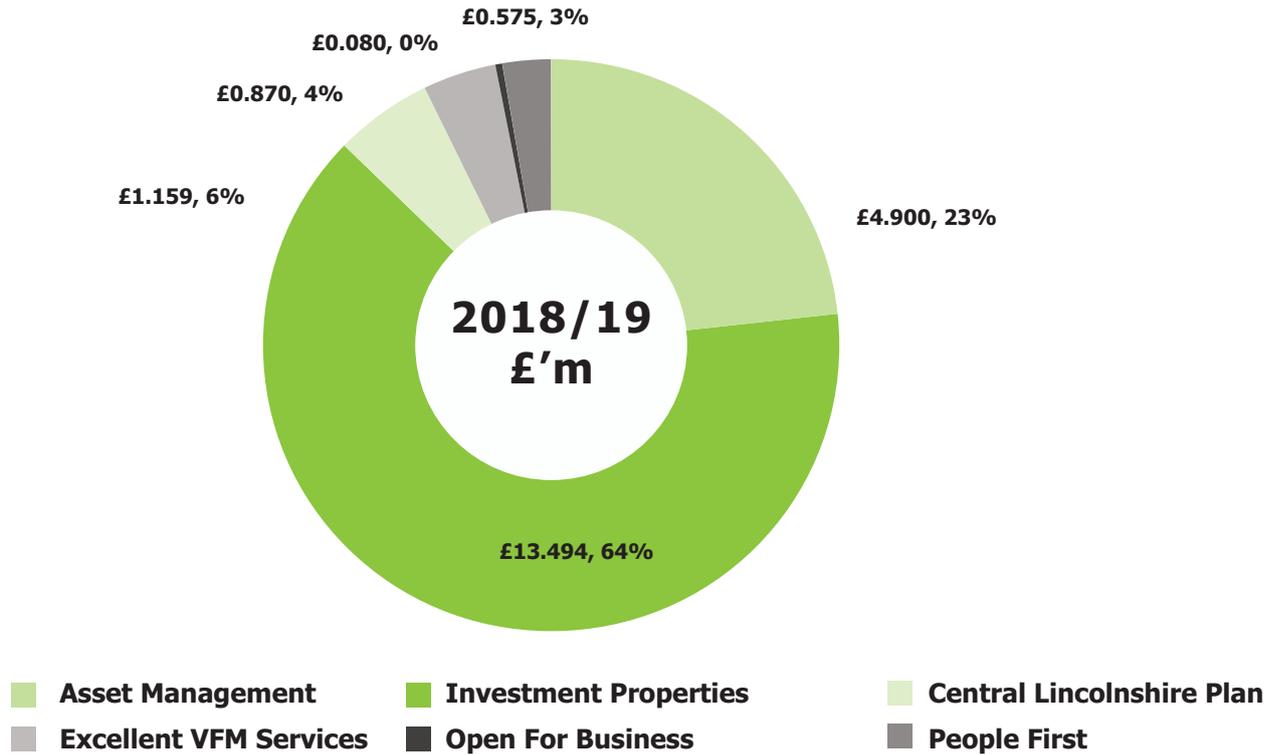
We have designed the activities to maximise income generation, improve efficiency and customer services and develop the economy of the District. The programmes include:

- 1 – Closer to the Customer
- 2 – Invest West Lindsey - Housing Development, Land and Property, Gainsborough Growth
- 3 – Trading Services
- 4 – Community Commercial Services
- 5 – Commercial Investments

In addition our Service Strategies ensure the frameworks are in place to deliver desired outcomes.

Our Capital Investments for 2018/19 totalled £21.079m with the graph below showing how resources are aligned to our Corporate Priorities.

Capital Investment in Key Priorities



The Council held 2 investment properties as at the 31.3.2018. A further 4 properties were purchased during the year costing £13.495m. Investment Properties are held on the balance sheet at their fair value of £15.342m. Further information is included in Note 16.

Included in the above, and against a reducing grant and increasing costs the Council agreed to invest up to £30m in Commercial Investment Properties, funded from prudential borrowing. Having now invested over £15m in 5 properties, there is a net contribution to funding services of £0.630m p.a. The portfolio achieves a gross yield of circa 7.27%.

The Commercial Investment Portfolio is as detailed below:

YEAR OF ACQUISITION	Commercial Property Portfolio	Sector	Total Acquisition Cost £'m
2017/18	Bradford Road, Keighley	Hotel	2.490
2018/19	43 Penistone Road, Sheffield	Leisure	2.700
2018/19	Unit 7 Drake House, Sheffield	Manufacturing	3.175
2018/19	5 Sandars Road, Gainsborough	Manufacturing	6.470
2018/19	Heaton Street, Gainsborough	Retail	1.150
	TOTAL PORTFOLIO		15.985

6. PERFORMANCE OF THE COUNCIL

The Council has established a portfolio of programmes to deliver the Corporate Plan 2019– 2023 The Financial Strategy 2018/19 has been developed to ensure the Council has adequate resources to deliver both services and the Corporate Plan objectives whilst aiming to achieve future financial sustainability and non-reliance on government grant. The achievements below contribute to maximise income generation, improved efficiency and customer services and develop the economy through regeneration, job creation and increasing taxation growth.

The new Roseway Quarter is now complete with the addition of a new hotel, space for a restaurant and improvements to the car park, which also includes new electric car charging points. This has provided an anchor for the town centre and resulted in attracting grant funding to drastically improve the street scene and attract new businesses.



**GAINSBOROUGH
ROSEWAY
QUARTER**



New businesses, including a brand new butchers and a Nail bar have opened on Market Street in Gainsborough, next to the Travelodge Hotel which opened in Autumn 2018. The newly

refurbished shop units and flats above have been delivered by Market Street Renewal Ltd, our joint venture company with Dransfield Properties Ltd.

**MARKET
STREET
RENEWAL**

**LEA
FIELDS
CREMATORIUM**

Work has commenced on a £6m state of the art Crematorium, our first major development, which will provide a much needed local facility.



**MADE IN
GAINSBOROUGH
PROJECT**

**Made in
GAINSBOROUGH**



Key engineering companies from Gainsborough, who are passionate about developing people, skills and opportunities have formed a group called Made In Gainsborough. Together with the Council, they are helping to tackle the skills shortage by developing new talent and have set up a specialist course at the Gainsborough College to support this.

In order to monitor the performance of the Council, non-financial targets have been set relating to our customers, finance, process and quality. Each service within the Council has its own specific measures set. The illustration below shows some of our performance highlights.

Service Performance Highlights

2018/19



Summary of Financial Performance

The Council's approved revenue budget, for 2018/19 is £15.451m.

The Actual Outturn has realised a surplus of £1.583m, of which £0.919 relates to one off budget provision for projects funded from reserves and which have approval for carrying forward as they span financial years. This leaves a £0.664m surplus (4.2% of the revised budget), of which £0.263m will be transferred to the Valuation Volatility Reserve and £0.401 to the General Fund Balance.

Items of significance include;

The Council benefitted from being part of the greater Lincolnshire 100% Business Rates Retention Pilot for 2018/19 only, which brought a financial benefit of £1.088m, which will be utilised for future investment in growth and regeneration.

Investment in the commercial property portfolio has contributed £0.606m to support continued service delivery.

The introduction of charging for green waste collections has contributed £0.791m to the cost of the service.

The following table reports the revenue actual against budget for 2018/19 as reported to Corporate Policy and Resources Committee and before any adjustments required by accounting standards that are subsequently reversed under statute, which are shown in the accounting adjustment column to reconcile to the CIES. Details of these adjustments can be found in Note 10.

SERVICE CLUSTER	2018/19			
	Budget £	Actual £	Accounting Adjustments £	CIES £
People	5,089,200	4,270,003	992,138	5,262,141
Place	1,070,200	1,250,130	1,184,910	2,435,040
Policy and Resources	4,861,500	4,426,285	(380,415)	4,045,870
Controllable Total	11,020,900	9,946,418	1,796,633	11,743,051
Corporate Accounting Total	1,779,649	1,551,164	1,939,992	3,491,156
Statutory Accounting Total	6,024,300	1,053,296	(1,053,296)	0
Movement in Reserves Total	(3,373,707)	1,814,470	(1,814,470)	0
Net Revenue Expenditure	15,451,142	14,365,348	868,859	15,234,207
Funding Total	(15,451,142)	(15,948,786)	(1,144,270)	(17,093,056))
(SURPLUS)/DEFICIT FOR THE YEAR	0	(1,583,438)	(275,411)	(1,858,849)
Approved Carry Forwards		919,200		
Approved (Surplus) to Valuation Volatility Reserve		263,000		
(SURPLUS)/DEFICIT TO GENERAL FUND		(401,238)		

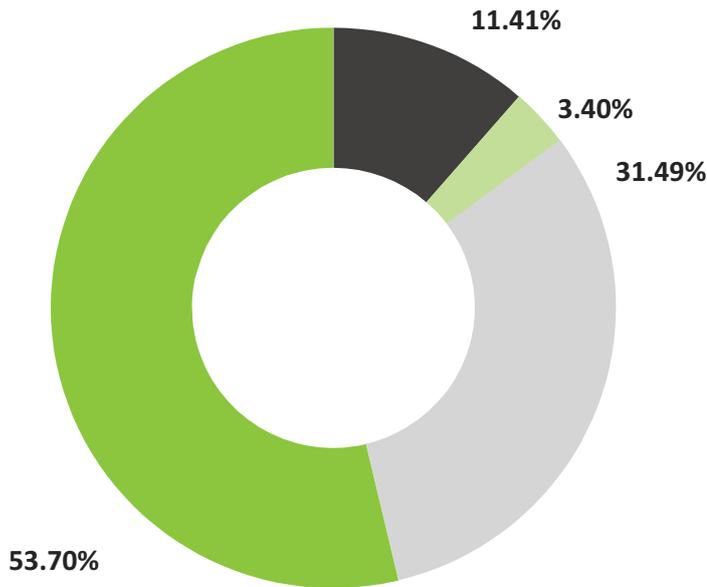
Service Clusters include the following service areas:

- People – Front facing customer services – i.e. Benefits, Council Tax, Operational Services, Homelessness and Housing, Licensing, Customer Services, Food Safety
- Place - Area based services, i.e. Development Management, Economic Development, Car Parking, Asset Management, Leisure

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

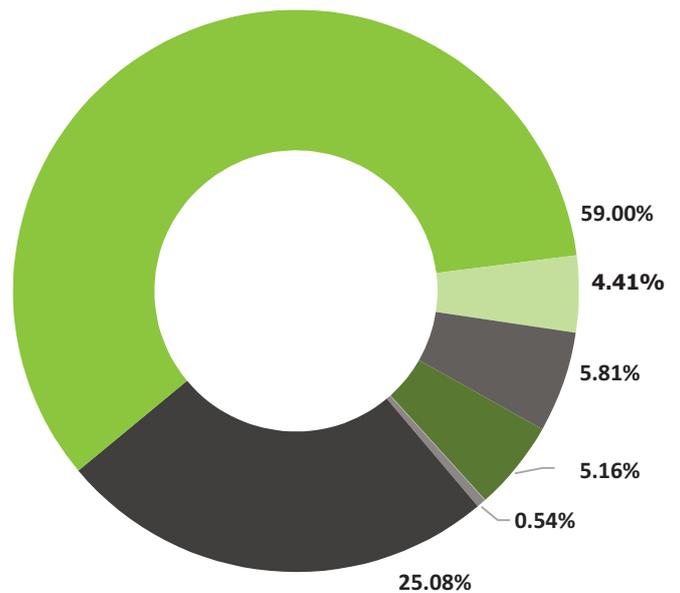
As part of the Expenditure and Income Analysed by Nature (Note 9) Gross income totalled £45.716m (£44.113m 2017/18), and gross expenditure was £43.858m (£45.701m in 2017/18) and is analysed in the graphs below;

GROSS INCOME 2018/19



- Fees, charges and other service income £5.215m
- Interest and investment £1.555m
- Council Tax, Non-Domestic Rates £14.395
- Government grants and contributions £24.551m

GROSS EXPENDITURE 2018/19



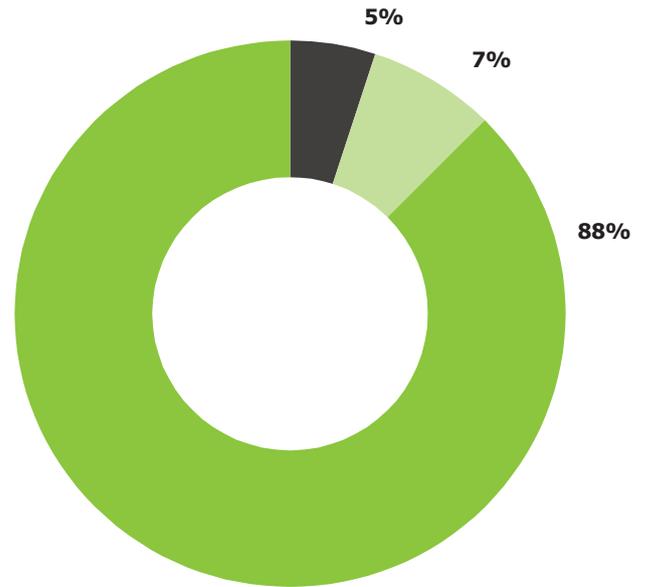
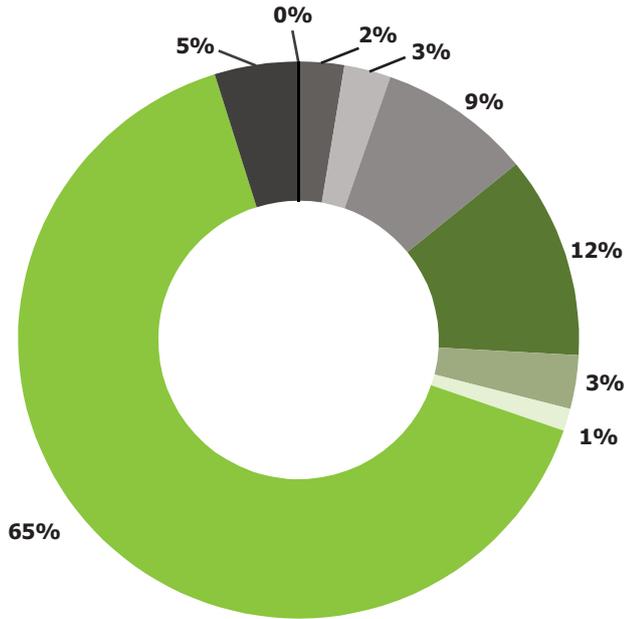
- Employee benefits expenses £10.999m
- Other services expenses £25.877m (including Benefits)
- Depreciation, amortisation, impairment £1.936m
- Interest payments £2.547m
- Precepts and levies £2.261m
- Disposal of Assets £0.238m

The Capital Programme

Capital expenditure represents money spent by the Council to purchase, upgrade or improve assets such as buildings and vehicles, in addition to providing grant funding for regeneration and growth projects. The distinction between capital and revenue expenditure is that the Council and its communities receive the benefit from capital expenditure over a number of years. The Council spent £21.079m (£6.534m in 2017/18) during the year and financed this expenditure as detailed in the graphs below;

CAPITAL SPEND 2018/19 - TOTAL £21.079m

HOW THE SPEND WAS FINANCED 2018/19



- Council Owned Buildings including Car Parks- £0.540m
- Gainsborough Growth Fund - £0.012m
- Vehicles & Plant - £0.566m
- Leisure Facilities - £1.859m
- Crematorium - £2.477m
- Housing Investment including Disabled Facilities Grants - £0.654m
- Investment in New Technology - £0.274m
- Commercial Investment Properties - £13.677
- Regeneration and Growth - £1.020m

- Prudential Borrowing - £18.448m
- Grants - £1.578m
- Revenue Funds - £1.053m

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

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

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

Funding	£'m
Grants & Contributions	10.274
Revenue Financing	10.892
Usable Capital Receipts	2.152
Prudential Borrowing	14.030
Total	37.348

Balance Sheet

Significant movements on the balance sheet relate to;

- the impact of capital investment in Long Term Assets is reflected in the increase of £18.686m to £50.787m (£32.101m 2017/18).
- Long Term Liabilities, have increased by £17.361m mainly relating to external borrowing of £11m and £5.927 relating to an increased Pension Liability.

Overall Total Net Assets are £5.971m (£8.009m 2017/18), a net reduction of £2.038m

The useable reserves of £23.631m (£19.933m 2017/18) held by the Authority include £15.834m of Earmarked Reserves which will support the ongoing investment in the capital programme, development of services and management of financial risks. A General Fund working balance of £3.848m provides support for any in-year budget risks and if required to bridge future funding gaps to achieve a balanced budget. With the remaining £3.949m relating to Capital Reserves which can only be utilised for capital investment purposes

Debt and Investments

The Council undertook Public Works Loan Board borrowing to support its cash flows and significant capital investments (further information can be found at Note 18 and 36).

At the end of the year the Council had £14.772m of treasury investments (£15.654m 2017/18) which generated interest totalling £0.246m (£0.289m 2017/18). In addition non-treasury investments (commercial investment properties) and long term debtors (loans) totalled £16.307m (£3.419m 2018/19).

Material Liabilities Incurred

The majority of the employees of the Council are members of the Local Government Pension Scheme (LGPS). The liability for both statutory and discretionary pension benefits, measured as prescribed by International Accounting Standards (IAS19) resulting in an increase over the year. At 31st March 2019 the Council's net liability reported by the Actuary to the LGPS was £42.609m (£36.682m in 17/18), an increase of £5.927m. This is mainly due to increases in actuarial financial assumptions.

At the last formal review in 2016 the Actuary assessed that the West Lindsey District Council Pension Scheme was 66% funded, payments are made annually to aim to achieve a fully funded scheme within 20 years. More details of the IAS19 valuation are set out in Note 33 to the Financial Statements.

Significant provisions, contingencies and material write-offs

No significant contingencies or material write offs were recognised in 2018/19.

7. RISKS MANAGEMENT

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

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

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

Key Strategic Risks

RISK	KEY	HIGH RISK	
	MEDIUM RISK		
	Likelihood	Impact	Score
Information Governance - Cyber Crime	Probable 3	Major 3	9
Open for Business - Growth lags behind local plan	Possible 2	Major 3	6
People First - Do not deliver customer first approach	Possible 2	Major 3	6
Asset Management - Assets are under utilised	Possible 2	Major 3	6
Health and Safety - Staff and visitors are not protected	Possible 2	Major 3	6
Partnerships - We do not fulfil our influencer role	Possible 2	Major 3	6
Excellent Value for Money Services - We do not identify and implement efficient and effective lower costs	Possible 2	Major 3	6
Commercial Approach - Does not deliver anticipated benefits	Possible 2	Critical 4	8
Compliance - Non-compliance with statutory legislation	Possible 2	Major 3	6
Business Continuity - Services are not maintained & priority services not provided	Possible 2	Major 3	6

Key Future Risks

- Successful delivery of our commercial and growth commitments – The Financial Strategy has plans to use a significant amount of our reserves in addition to borrowing to both develop the District and to invest in a range of commercial opportunities to increase our self-generated income substantially over the next four years. It is unlikely that all initiatives will be successful however we are confident that sufficient success will be achieved to deliver an appropriate level of return on our investment. We will commit to focus on customer service improvement, governance and performance which is designed to manage our risk exposure and provide opportunities for assessing the likelihood for success.
- Compliance with General Data Protection Regulations (GDPR), data leakage and Cyber Crime, would result in financial, legal and reputational consequences. Policies and Procedures and technology have been implemented to mitigate risk.
- The future funding of Local Government: there is an unknown risk of the impact of any Local Government Funding reform and changes to the Business Rates Retention Scheme due for 2020/21, in addition to the impact of Brexit on the Council remain difficult to assess. The Council has therefore developed a Financial Strategy which aims for a sustainable future reliant on local tax revenues.

Further information on risk governance is contained in the Annual Governance Statement.

8. FUTURE OUTLOOK

The new Corporate Plan 2019 - 2023 sets out the strategic objectives of the Council for the next four years. It reflects the opportunities and challenges facing the district and what our residents have told us is important to them. We also express our desired outcomes for the next four years, which will provide our officers with clear direction. It is our aim to ensure that attention is paid to all of our communities, residents and businesses; lives are improved and our district prospers.

The following vision has been adopted by the Council:

“West Lindsey is a great place to be where people, businesses and communities can thrive and reach their potential”

In order to deliver against this vision, the Council will focus on three themes as illustrated below:



The Plan is a strategic document, which is supported by our Medium Term Financial Plan (MTFP) and the annual Executive Business Plan (EBP). The EBP sets out the environment in which the Council will deliver the objectives set out in this Corporate Plan. It will consider the national, regional and local context for delivery and identifies the 'deliverables' for the next three years.

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

- **Customer First Programme**

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

- **Economic Development and Housing Regeneration**

The Council has procured a Development Partner and is committed to an investment program of regeneration for Gainsborough to rejuvenate the town centre and riverside areas in addition to delivery of a leisure complex.

The service continues to achieve success with significant grant bids in support of regeneration and growth projects with circa £10m being approved to support housing regeneration and economic growth, including the development of a Food Enterprise Zone within the district, and in addition to developing innovative ways in which to attract inward investment.

- **Commercial Property Acquisition**

The Council will continue to invest in commercial property with the aim of generating a revenue return to support future sustainability in line with our Financial Strategy. This will be on a risk based approach and proportionate to the size of the organisation.

- **Future Financial Resilience**

Whilst we revise our 5 year Medium Term Financial Plan on an annual basis, we also estimate a 10 year horizon, which takes account of long term projects which are expected to grow income over a longer period. This forecast includes expenditure pressures (income/savings) and is detailed below;

	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000
FUNDING GAP B/FWD	485	485	485	485	485
Annual Pay Award @ 2%	183	371	561	756	955
Council Tax @ 3%	(254)	(517)	(789)	(1,071)	(1,363)
NNDR @ 2.5%	(85)	(173)	(262)	(354)	(448)
Pension Deficit Payment	135	284	449	631	832
Crematorium contribution	(48)	(77)	(91)	(112)	(130)
Impact of Cyclical Budgets	34	(11)	12	(1)	9
MTFP - FUNDING GAP	450	362	365	334	340

There has been much publicity around the resilience of Local Government after the S114 notice issued by Northamptonshire County Council, which highlighted that they were likely to exceed resources available to meet its funding need.

The Chartered Institute of Public Finance and Accountants (CIPFA) has undertaken to prepare a national resilience index. This tool is currently subject to further development, and will be issued later in the year, however early indications from this model suggest that we have an average risk profile in comparative terms.

Our own self assessment and resilience indicators are provided below;

RESILIENCE INDICATORS	2019/20	2023/24
Useable Reserves as % of Net Revenue Expenditure	119.50%	82.69%
Council Tax as a % of Net Revenue Expenditure	42.86%	52.66%
Business Rates as a % of Net Revenue Expenditure	31.67%	24.81%
Borrowing as a % of Fixed Assets	56.37%	55.16%
Investments as a % of Useable Reserves	54.02%	49.10%

The indicators suggest that we are in a strong position in relation to the ability to manage financial risk and future sustainability.

For further information regarding our future plans, please refer to our Executive Business Plan and Medium Term Financial Plan 2019/20 – 2023/24 contained within the Budget Book which can be found on our website at www.west-lindsey.gov.uk/my-council/contacts-facts-and-figures/council-spending/budget-book/

9. FINANCIAL STATEMENTS

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

Movement in Reserves Statement (MIRS)

Shows the movement in the year on the different reserves held by the Council, which are split between those that are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical and statutory accounting (unusable reserves). The Council's usable reserves total (£23.631m) ((£19.933m) 2017/18) and unusable reserves total £17.660m (£11.924m in 2017/18) resulting in a total Net Worth of (£5.971m) which represents net assets in the Balance Sheet.

Comprehensive Income and Expenditure Statement (CIES)

Consolidates the total gains and losses experienced during the year and the total income and expenditure. The surplus on the Provision of Services totalled £1.858m (deficit of £1.588m 2017/18).

Balance Sheet

The Balance Sheet shows the Council's financial position at 31 March 2019. Showing assets and liabilities in the top part and below the Council's reserves (Net Worth) that match them. Our Net Worth is £5.971m (£8.009m 2017/18), with the movement between years mainly affected by the following;

Assets

The Balance Sheet Long Term Assets relates to property, plant and equipment and includes acquisitions and enhancements, changes in valuations, and disposals. These events have resulted in an overall carrying value of £30.975m, an increase of £5.769m from £25.206m in 2017/18. Further details are contained within Note 15. In addition investment property acquisitions and movements in valuation have resulted in a £12.751m increase from £2.591m in 2017/18 to £15.342m (Note 16).

Liabilities

A major liabilities included within long term liabilities relates the deficit on the pension fund which amounts to £42.609m (£36.682m 2017/18) an increase of £5.927m, this can be attributed to changes to actuarial financial assumptions. In addition £11m of Public Works Loans Board borrowing has been undertaken. Further information on the pension's position is contained within Note 33.

Reserves

The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events, with the General Fund Balance of £3.848m (excluding Earmarked Reserves) being 25% of Net Operating Expenditure and which compares to our strategy minimum of £2m. The need for adequate reserves becomes even more important in view of the financial challenges faced by Councils. Reserves mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates. Such risks may also include changes in Government policy, further funding reductions and market factors.

Capital Reserves

The Capital Receipts Reserve increases as a result of receipts from asset disposals and reduces as capital receipts are used to finance further capital investment. The reserve increased from £3.016m in 2017/18 to £3.362m 2018/19. In addition Capital Grants Unapplied Reserve is £0.587m (£0.368m 2017/18) and relates to grant received for specific capital schemes

Cash Flow Statement

The Cash Flow Statement represents the Council's movement in cash (and cash equivalents) during the year. It shows that there has been an increase in cash of £2.113m to £11.493m (£9.380m 2017/18) details of which are contained within the statement.

Expenditure and Funding Analysis (EFA)

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

Supplementary financial statements

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

Ian Knowles (S151 Officer)
Executive Director of Resources

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

1. COUNCIL'S RESPONSIBILITIES

The Council is required to:

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

2. CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the CODE).

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

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

CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts for 2018/19 presents a true and fair view of the financial position of West Lindsey District Council at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Signed:

Date:

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

APPROVAL OF THE ACCOUNTS

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

Signed:

Date:

Chairman of Governance and Audit Committee West Lindsey District Council

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves, those created for statutory accounting purposes only. The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments. The Council's usable reserves total £23.631m in 2018/19 (£19.933m in 2017/18). Further information can be found in Note 7, 10 and 11. Unusable reserves total £17.660m in 2018/19 (£11.924m in 2017/18) as detailed in Note 25.

Movement in Reserves during 2018/19

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2018	(16,549)	(3,016)	(368)	(19,933)	11,924	(8,009)
Total Comprehensive Income and Expenditure	(1,858)	0	0	(1,858)	3,896	2,038
Adjustment from income & expenditure charged under accounting basis to the funding basis	(1,275)	(346)	(219)	(1,840)	1,840	0
Net (Increase)/Decrease in 2018/19	(3,133)	(346)	(219)	(3,698)	5,736	2,038
Balance at 31 March 2019 carried forward	(19,682)	(3,362)	(587)	(23,631)	17,660	(5,971)

Movement in Reserves during 2017/18

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and Funding Analysis (EFA)(Note 7) and the Movement in Reserves Statement (MIRS). There is a surplus on the Provision of Services totalling £1.858m (deficit of £1.588m in 2017/18).

2017/18			2018/19			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000				
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
31,282	(24,853)	6,429	People	29,706	(24,444)	5,262
4,532	(2,455)	2,077	Places	4,909	(2,474)	2,435
4,681	(176)	4,505	Policy & Resources	4,197	(150)	4,047
40,495	(27,484)	13,011	Cost of Services	38,812	(27,068)	11,744
		3,003	Other Operating Expenditure			2,499
		677	Financing and Investment Income and Expenditure			992
		(15,103)	Taxation and Non Specific Grant income and Expenditure			(17,093)
		1,588	(Surplus) or Deficit on Provision of Services			(1,858)
		(4,034)	Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	15		(280)
		(1,413)	Remeasurements of the net defined benefit liability/(asset)	25		4,176
		(5,447)	Items that may be reclassified to (Surplus) or Deficit on the Provision of Services (Surplus) or deficit on revaluation of available for sale financial assets			3,896
		(68)				0
		(5,515)	Other Comprehensive Income and Expenditure			3,896
		(3,927)	Total Comprehensive Income and Expenditure			2,038

BALANCE SHEET

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

31st March 2018		Notes	31st March 2019
£'000			£'000
25,206	Property, Plant & Equipment	15	30,975
2,591	Investment Properties	16	15,342
160	Intangible Assets	17	182
44	Heritage Assets		44
3,272	Long Term Investments	18	3,279
828	Long Term Debtors	18	965
32,101	TOTAL LONG TERM ASSETS		50,787
3,002	Short Term Investments	18	0
443	Assets Held for Sale		100
99	Inventories		98
5,002	Short Term Debtors	19 & 20	3,736
9,380	Cash and Cash Equivalents	21	11,493
17,926	TOTAL CURRENT ASSETS		15,427
0	Short Term borrowing	18	(32)
(3,472)	Short Term Creditors	22	(3,862)
(921)	Short Term Provisions	23	(1,163)
0	Grants Receipts in Advance	29	(231)
(31)	Short Term Finance Lease Liability	32	0
(4,424)	TOTAL CURRENT LIABILITIES		(5,288)
(14)	Long Term Provisions	23	(33)
0	Long Term Finance Lease Liability	32	0
0	Long term borrowing	18	(11,000)
(36,682)	Pensions Liability	33	(42,609)
(24)	Grants Receipts in Advance - Revenue	29	0
(874)	Grants Receipts in Advance - Capital	29	(1,313)
(37,594)	TOTAL LONG TERM LIABILITIES		(54,955)
8,009	TOTAL NET ASSETS/(LIABILITIES)		5,971
(19,933)	Usable Reserves	10 & 11	(23,631)
11,924	Unusable Reserves	25	17,660
(8,009)	TOTAL RESERVES		(5,971)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council. The movement in overall cash is an increase of £2.113m (increase of £2.158m 2017/18).

2017/18 £'000		2018/19 £'000
(1,588)	Net Surplus or (Deficit) on the Provision of Services	1,858
804	Depreciation of Property, Plant and Equipment	756
(458)	Impairment and downward valuations	(503)
53	Amortisation of Intangible Assets	37
0	Increase/Decrease in Impairment provision for Bad Debts	0
810	(Increase)/Decrease in Creditors	453
(2,032)	Increase/(Decrease) in Debtors	1,356
(15)	Increase/(Decrease) in Inventories (Stock)	1
1,713	Movement in Pension Liability	1,751
811	Carrying amount for non-current assets and non-current Assets Held For Sale, sold or derecognised	342
56	Other non cash items charged to the net surplus of Services	955
1,742	Adjustments to net surplus or deficit on the Provision of Services for non-cash movements	5,148
(1,152)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	866
(998)	Net Cash Flows from Operating Activities	7,872
(4,389)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(19,191)
(20,500)	Purchase of short-term (not considered to be cash equivalents) and long-term Investments	0
(792)	Other payments for investing activities	(166)
19	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	104
26,000	Proceeds from short-term (not considered to be cash equivalents) and long-term Investments	0
1,489	Other receipts from investing activities	2,508
1,827	Net Cash Flows from Investing Activities	(16,745)
0	Cash receipts of short and long term borrowing	16,000
(31)	Other receipts from financing activities	(22)
1,456	Other payments from financing activities	39
0	Repayments of short and long term borrowing	(5,000)
(96)	Cash payments for the reduction of the outstanding liabilities relating to Finance Leases	(31)
1,329	Net Cash Flows from Financing Activities	10,986
2,158	Net increase or (decrease) in cash and cash equivalents	2,113
7,222	Cash and cash equivalents at the beginning of the reporting period	9,380
9,380	Cash and cash equivalents at the end of the reporting period Note 21	11,493

NOTES TO THE ACCOUNTS

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 them to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (The Code) and the Service Reporting Code of Practice 2018/19, supported by the International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

ii) Accruals of Income and Expenditure

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

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

iii) Acquired Operations

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

iv) Cash and Cash Equivalents

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

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

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

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

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

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

vi) Charges to Revenue for Non-Current Assets

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

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

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

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii) Council Tax and National Non-Domestic Rates (Business Rates)

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

The Council tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council tax and NNDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by

regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

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 Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii) Employee Benefits

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

a) Benefits Payable During Employment

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

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

b) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

c) Post – Employment Benefits

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

d) The Local Government Pension Scheme

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

- Liabilities of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet

on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate of 2.4% determined by reference to market yields at the end of the reporting period on high quality corporate bonds (iBoxx AA over 15 year index).

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

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

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

The change in the net pensions liability is analysed into seven components:

Service cost comprising:

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

Past Service Costs – the increase in liabilities as a result of a scheme amendment or a decision whose effect relates to years of service earned in earlier years (curtailment) – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

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

Re-measurement comprising:

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

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

Contributions paid to the Lincolnshire Pension Fund

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and

pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

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

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

or the following address;

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

ix) Events after the Reporting Period

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

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

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

x) Financial Instruments

Financial Liabilities

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

Financial liabilities are classified into two types:

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority 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 (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the financial instrument.

For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

The Council has made no soft loans (loans at less than Market Rate) as at 31/03/2019.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The authority has a portfolio of loans to measure lifetime expected losses, this will be assessed on each individual instrument basis. This will take into account materiality, history of default, and impact sensitivity of amendments such as interest rate changes.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

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

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

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

The Council currently holds no financial instruments at fair value through Other Comprehensive Income.

xi) Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be utilised for infrastructure projects to support the development of the area. As a collecting and charging authority an element of the charge is credited to the Comprehensive Income and Expenditure Account for administration costs, the income is shared with Parish Councils and Lincolnshire County Council to support agreed infrastructure schemes. Amounts will be held on the Balance Sheet until paid over to the relevant bodies.

xii) Heritage Assets – General

The Council holds Civic Regalia as a Heritage Asset

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

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

xiii) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences, rights to use land) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. All such expenditure is accounted for on an accruals basis and capitalised as a non-current asset.

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

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

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

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

xiv) Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The judgement by the S151 Officer is that there is no material impact on the Statement of Accounts. Group Accounts are therefore not required for 2018/19.

xv) Inventories and long-term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula

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

xvi) Investment Properties

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

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

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

xvii) Joint Operations

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

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

xviii) Leases

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

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

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

The Council as Lessee**Finance Leases**

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Council as Lessor**Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement

as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debt) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xvii) Property Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising;

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

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

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

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

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

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

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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

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

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

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

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

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

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives commencing in the first full year that the asset is included in the Council's accounts. An exception is made for assets without a determinable useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight line allocation over the life of the property as estimated by the valuer with the exception of a number of leased shops, where the remaining term of the lease has been used
- Vehicles, plant and equipment – straight line allocation over the life of the asset, as advised by a suitably qualified officer
- Infrastructure – straight line allocation.

Assets	Useful Life Range (years)
Office/Leisure Centre	20 to 60
Depots & Stores	46
Shops	48
Public Conveniences	39
CCTV Systems/IT equipment/Wheeled Bins/Office Equipment	1 to 10
Vehicles/Bin lifters	1 to 7
Infrastructure Assets	18 to 30
Dwellings	46

Asset Useful Economic Lives assumed

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

xx) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

provision is reversed and credited back to the relevant service.

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

Contingent liabilities

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

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

Contingent assets

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

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

xxi) Reserves

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

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

xxii) Revenue Expenditure Funded From Capital Under Statute

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

xxiii) Value Added Tax (VAT)

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

xxiv) Fair Value Measurement

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

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

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

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

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

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

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

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

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.

The following Accounting Standards and amendments have been issued but will not be adopted until the 2019/20 financial year.

- a) IFRS Amendments to IAS 40 Investment Property: Transfers of Investment Property (issued December 2016)
- b) Annual Improvements to IFRS Standards 2014 - 2016 Cycle (December 2016). The amendments that may apply to local authorities include:
 - i) IFRS 12 Disclosure of Interests in Other Entities: Clarification of the Scope of the Standard
 - ii) IAS 28 Investments in Associates and Joint Ventures: Measuring an Associate or Joint Venture at Fair Value
- c) IFRIC 22 Foreign Currency Transactions and Advance Consideration
- e) IFRIC 23 Uncertainty over Income Tax Treatments

f) Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

g) IFRS 16 Leases

Amendments to IAS 40 Investment Property - Transfers of Investment Property: The Council will only transfer assets to/from investment property when there is an acceptable and evidence based change of use. There are no such transfers anticipated for 2019/20

IFRS 12 Disclosure of Interests in Other Entities: The Council may have to include more disclosures in the accounts specifically if the an entity has been classified as held for sale or as a discontinued operation.

IFRS 28 Investments in Associates and Joint Ventures - Measuring an Associate or Joint Venture at Fair Value: This enables the Council to choose how to account for its investment in it's joint venture at fair value or using the equity method. The Council will continue to use the equity method.

IFRIC 22 Foreign Currency Transactions and Advance Consideration: This clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. This is not applicable for West Lindsey District Council

IFRIC 23 Uncertainty over Income Tax Treatments: This provides additional guidance on income tax treatment where there is uncertainty. This is not applicable for West Lindsey District Council

Amendments to IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation: This amendment allows the Council to measure some prepayable assets with negative compensation at amortised cost. It is not anticipated that the Council will hold assets of this type in 2019/20.

IFRS 16 Leases: This is will require the Council as Lessee to recognise most leases on the balance sheet as right of use assets with corresponding lease liabilities (there is recognition for low value and short term leases).

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Future Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. As the Council cannot be dissolved without statutory prescription, the accounts will be prepared on a going concern basis.

Leases

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

Brexit

The decision to leave the European Union (EU) was made in 2016/17 with an expected departure date of 29 March 2019. This has now been extended, as the government currently continue to determine the terms on which our withdrawal will be based. It is still unclear what the implications of withdrawal from the EU might be for this Council and Local Government as a sector.

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

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

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

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2018/19 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to March 2019. The estimate has been calculated using the analysis of successful appeals to date against the 2010 and 2017 rating lists.

Property Plant and Equipment

Property assets are included on the basis of a full valuation and assessed useful lives undertaken on 31 March 2019. Where possible the valuer has avoided applying indices to calculate the 31 March valuation.

The assessment of useful lives is subject to revision and the valuation would therefore be expected to change accordingly. The carrying value of these long term assets at the end of the reporting period was £30.975m (£25.206m 2017/18).

The impact of a change in valuation or useful life as at 31 March 2019 would affect the carrying value of the asset in the balance sheet and the subsequent charge for depreciation or impairment in the CIES.

Due to many economic factors that impact the property investment and letting markets and the uncertainty around Britain leaving the EU, there is the potential for significant change in value in the retail property market. This has resulted in increased scrutiny of the retail sector and the properties that the Council holds within this property category.

Pensions Liability

The estimation of the net liability to pay pensions depends on a number of judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting Actuaries is engaged by Lincolnshire County Council, the administering authority for the Local Government Pension Scheme, to provide expert advice about the assumptions to be applied. During 2018/19 the Council Actuaries advised that the net pension liability had increased by £5.927m to £42.609m. The table below illustrates the potential financial impact of changes in the specific assumptions applied by the Actuary in future years:

Pensions Liability Sensitivity to changes in assumptions

Sensitivity Analysis Change in Assumptions at 31 March 2019	Approx. % increase to Employer Liability	Approx. monetary amount £'000
Longevity (increase or decrease in 1 year)	3-5%	4,751
Rate of inflation (increase or decrease by 1%)	1%	98
0.5% decrease in Real Discount Rate	10%	9,431
0.5% increase in Salary Increase Rate	1%	1,276
0.5% in the Pension Increase Rate	8%	8,002

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

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

Arrears

At 31st March 2019 the Council had arrears of £5.588m outstanding mainly in respect of sundry debtors, Business Rates and housing benefit overpayments debtors. A review of balances outstanding, recovery performance and future looking review has resulted in an impairment allowance of £1.852m . However, if circumstances were to deteriorate then an additional loss allowance would be required and an assessment made if a lifetime credit allowance should be applied.

Fair Value

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cashflow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However changes in the assumptions used could affect the fair value of the Council's assets and liabilities.

With regard to fair value estimates of Surplus and Investment Properties, where Level 1 inputs are not available, the Council employs RICS qualified valuers (Wilks, Head & Eve) to identify the most appropriate valuation techniques to determine fair value. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters. Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Note 15, 16 and 17.

With regards assets valued at fair value, no assets are classed as level 1 in the Fair Value Hierarchy the majority are Level 2 which utilises quoted market place prices with adjustments for location and condition. The Council has four assets valued at Level 3 of the Fair Value Hierarchy, a Pavillion, Aggregate Site and two oil wells. The significant unobservable inputs used in the fair value measurement include estimated cashflows from the assets and assumptions regarding rental values. Significant changes in any of the unobservable inputs or the level two assumptions would result in a significantly higher or lower fair value measurement for these assets.

5. MATERIAL ITEMS OF INCOME AND EXPENDITURE

For the purpose of this disclosure note the Council considers material items to be those greater than £750k. In 2018/19 the Council had no material items of income and expenditure that are not already disclosed elsewhere within the accounts.

6. EVENTS AFTER REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Director of Resources (S151 Officer) on 29 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 as 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 23 June 2016 the European Union (EU) referendum took place and the people of the UK voted to leave the EU. Article 50 of the EU was invoked in March 2017 which provided a 2 year window for exit negotiations. This has now been extended to 31 October 2019. The UK could leave earlier if a withdrawal agreement has been ratified by MPs. Whilst negotiations continue, the UK remains a full member of the EU and all rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of the exit negotiations will determine what arrangements apply in relation to EU legislation and funding in the future once the UK has left the EU. If the UK fails to ratify a withdrawal agreement then the UK will leave the EU on 31 October without a deal which presents uncertainty for the UK and its economy.

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

7. EXPENDITURE AND FUNDING ANALYSIS

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

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

2017/18				2018/19		
Net Expenditure Chargeable to General Fund £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the Comprehensive Income & Expenditure statement £'000		Net Expenditure Chargeable to General Fund £'000	Adjustments (See Note 7a) £'000	Net Expenditure in the Comprehensive Income & Expenditure statement £'000
5,311	1,118	6,429	People	4,270	992	5,262
1,937	140	2,077	Places	1,250	1,185	2,435
4,401	104	4,505	Policy and Resources	4,428	(381)	4,047
11,649	1,362	13,011	Net Cost of Services	9,948	1,796	11,744
(10,026)	(1,397)	(11,423)	Other Income and Expenditure	(13,081)	(521)	(13,602)
1,623	(35)	1,588	(Surplus) or Deficit	(3,133)	1,275	(1,858)
(18,172)			Opening General Fund Balance 31 March	(16,549)		
1,623			Less/Plus (Surplus) or Deficit in Year	(3,133)		
(16,549)			Closing General Fund Balance 31 March	(19,682)		

7a.

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

ADJUSTMENTS BETWEEN FUNDING AND ACCOUNTING BASIS								
2017/18				Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2018/19			
Adjustments for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustments (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total Adjustments £'000		Adjustments for Capital Purposes (Note 1) £'000	Net Change for the Pensions Adjustments (Note 2) £'000	Other Statutory Differences (Note 3) £'000	Total Adjustments £'000
332	778	8	1,118	People	125	847	20	992
(168)	309	(1)	140	Places	861	322	2	1,185
435	(329)	(2)	104	Policy & Resources	44	(425)	0	(381)
599	758	5	1,362	Net Cost of Services	1,030	744	22	1,796
(1,028)	955	(1,324)	(1,397)	Other income and expenditure from the Expenditure and Funding Analysis	(1,240)	1,007	(288)	(521)
(429)	1,713	(1,319)	(35)	Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(210)	1,751	(266)	1,275

NOTES TO THE EXPENDITURE AND FUNDING ANALYSIS

1) Adjustments for Capital Purposes

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

Other Operating Expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets

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

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

2) Net change for the pensions' adjustments

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

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES.

3) Other Statutory Adjustments

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

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

8.

SEGMENTAL INCOME

Income received on a segmental basis is analysed below:

2017/18		2018/19
Income from Services £'000		Income from Services £'000
(1,942)	People	(3,002)
(2,416)	Places	(2,078)
(134)	Policy & Resources	(135)
(4,492)	Total Income analysed on a segmental basis	(5,215)

Included within the Segmental Income note for 2018/19 is the following material income for services provided in 2018/19

People Service: £0.884m of income relating to Green Waste Service Charges (£0 in 2017/18)

Places: £0.961m Development Control Application Fees (£0.949m in 2017/18)

In 2018/19 The Council also received £0.797m of income in relation to Green Waste for services to be provided in 2019/20 this is held as a Short Term Creditor on the Balance Sheet. This income will not be recognised in the Comprehensive Income and Expenditure Statement or Segmental Income Note until 2019/20.

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2018/19					
Expenditure/Income	People £'000	Place £'000	Policy & Resources £'000	Corporate Amounts £'000	Total £'000
Expenditure					
Employee benefits expenses	5,934	2,066	2,999	0	10,999
Other services expenses	22,739	1,982	1,156	0	25,877
Depreciation, amortisation, impairment	1,033	861	42	0	1,936
Interest payments	0	0	0	2,547	2,547
Precepts and levies	0	0	0	2,261	2,261
Disposal of assets	0	0	0	238	238
Total Expenditure	29,706	4,909	4,197	5,046	43,858
Income					
Fees, charges and other service income	(3,002)	(2,078)	(135)	0	(5,215)
Interest & investment income	0	0	0	(1,555)	(1,555)
Income from Council Tax and Non-Domestic Rates	0	0	0	(14,395)	(14,395)
Government grants & contributions	(21,442)	(396)	(15)	(2,698)	(24,551)
Total Income	(24,444)	(2,474)	(150)	(18,648)	(45,716)
(Surplus) or Deficit on the Provision of Services	5,262	2,435	4,047	(13,602)	(1,858)

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

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

10. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2018/19 Adjustments between accounting basis & funding basis under regulations	Usable reserves			Movement in Usable Reserves £'000
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	
IFRS 9 Transition	0	0	0	0
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements				
Pension Costs (transferred to (or from) the Pensions Reserve)	(1,751)	0	0	1,751
Council Tax and NNDR (transfers to or from Collection Fund Adjustment Account)	240	0	0	(240)
Holiday pay transferred to the Accumulated Absences Reserve	(23)	0	0	23
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)	(1,470)	0	0	1,470
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	49	0	0	(49)
Total Adjustments to Revenue Resources	(2,955)	0	0	2,955
Adjustments between Revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserve	338	(338)	0	0
Repayment of Loan Principal	0	(11)	0	11
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	33	0	0	(33)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,053	0	0	(1,053)
Total Adjustments between Revenue and Capital Resources	1,424	(349)	0	(1,075)
Adjustments to Capital Resources				
Use of Capital Receipts Reserve to finance capital expenditure	0	0	0	0
Capital grants and contributions unapplied credited to the CIES	256	0	(256)	0
Use of Capital Receipts Reserve to finance statutory provision on loans funded by borrowing	0	3	0	(3)
Application of capital grants to finance capital expenditure	0	0	37	(37)
Total Adjustments to Capital Resources	256	3	(219)	(40)
Total Adjustments	(1,275)	(346)	(219)	1,840

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

11. MOVEMENT IN EARMARKED RESERVES

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

	Balance at 31 March 2017	Transfer out 2017/18	Transfer in 2017/18	Balance at 31 March 2018	Transfer out 2018/19	Transfer in 2018/19	Balance at 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Project Investment Reserve (previously Business Improvement & Transformation)	406	(123)	750	1,033	(162)	576	1,447
Budget Smoothing	1,081	(1,434)	507	154	(87)	557	624
Capital Programme Financing	319	0	0	319	(319)	0	0
Community Grant/ Support Schemes	625	(389)	2	238	(203)	520	555
Contingencies Fund	696	(240)	253	709	(64)	869	1,514
Investment for Growth Fund	5,769	(1,533)	1,743	5,979	(197)	2,764	8,546
Invest to Earn	552	(38)	0	514	(514)	0	0
Invest to Save (Including Carbon Reduction)	486	(300)	36	222	(183)	22	61
Maintenance of Facilities	505	(313)	312	504	(107)	75	472
Members Initiative Fund	77	(36)	0	41	(41)	144	144
Property Asset Fund	810	0	15	825	0	0	825
Regeneration Growth Fund	332	(68)	0	264	(85)	0	179
Revenue Grants Unapplied	435	(134)	263	564	(151)	108	521
Service Investment	395	(132)	168	431	(233)	215	413
Waste Management Fund	846	(258)	250	838	(586)	281	533
Total	13,334	(4,998)	4,299	12,635	(2,932)	6,131	15,834

Reserve Name	Purpose
Budget Smoothing	To effectively manage cyclical budget issues i.e. Elections, Local Development Framework etc.
Capital Programme Financing	Resources and Capital Grants set aside to support the financing of the capital programme
Community Grants/Support Schemes	To support vulnerable communities, area management, community engagement and support communities by providing funding to leverage external funding.
Contingencies Fund	To support areas of volatility i.e. Business Rate appeals, valuations of investment properties, insurance etc
Investment for Growth Fund	To support housing regeneration and economic growth schemes
Invest to Earn Reserve	To support the Council's commercial activity to generate new income
Invest to Save Reserve	To support efficiency projects to provide a positive net payback over the Medium Term Financial Strategy
Carbon Reduction	To support Carbon Efficiency and promote energy saving across the organisation.
Members Initiative Fund	To provide Members with funding to issue small grants to community projects
Maintenance of Facilities	To meet future Asset Management Plan requirements
Property Assets Fund	To support strategic property related projects
Project Investment Reserve (previously Business Improvement & Transformation)	To fund projects in support of the Corporate Plan and Financial Strategy
Regeneration Growth Fund	To support local business growth through grant funding
Revenue Grants Unapplied	Revenue grants which have yet to be expended
Service Improvement	To support service development initiatives, including IT upgrades and replacement programmes
Waste Management Fund	To support service development and replacement vehicle programme

12. OTHER OPERATING EXPENDITURE

2017/18 £'000		2018/19 £'000
1,867	Parish Council Precepts	1,909
344	Levies	352
792	(Gains)/Losses on the disposal of non- current assets	238
3,003	Total	2,499

13. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017/18 £'000		2018/19 £'000
7	Interest payable and similar charges	238
955	Net interest on the net defined benefit liability/(asset)	1,000
(273)	Interest receivable and similar income	(327)
(12)	Income and Expenditure in relation to investment properties and changes in their fair value	81
677	Total	992

14. TAXATION AND NON SPECIFIC GRANT INCOME AND EXPENDITURE

2017/18 £'000		2018/19 £'000
(7,815)	Council Tax income	(8,131)
(3,920)	Non Domestic Rates Income and Expenditure	(6,264)
(3,368)	Non ring-fenced Government Grants	(1,554)
0	Capital grants and contributions	(1,144)
(15,103)	Total	(17,093)

15. PROPERTY PLANT AND EQUIPMENT

Movements in 2018/19	Other Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant & Equipment £'000
Cost or Valuation at April 2018	15,448	5,069	377	106	7,472	286	28,758
Additions	1,469	1,255	0	0	0	2,995	5,719
Donated Assets	22	0	0	0	0	0	22
Revaluation increase/(decrease) recognised in the Revaluation Reserve	263	0	0	0	(179)	0	84
Revaluation increase/(decrease) recognised in the(Surplus)/Deficit on the Provision of Services	643	0	0	0	(221)	0	422
Derecognition - Disposals	0	(381)	0	0	0	0	(381)
Derecognition - Other	(227)	(1,608)	0	0	0	0	(1,835)
Assets reclassified (to)/from held for Sale	0	0	0	0	250	0	250
Other movements in cost or valuation	139	0	0	0	(139)	0	0
At 31 March 2019	17,757	4,335	377	106	7,183	3,281	33,039
Accumulated Depreciation & Impairment At April 2018	(1)	(3,444)	(107)	0	0	0	(3,552)
Depreciation charge	(262)	(464)	(10)	0	(20)	0	(756)
Depreciation written out to the Revaluation Reserve	181	0	0	0	15	0	196
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	75	0	0	0	6	0	81
Derecognition - Disposals	0	381	0	0	0	0	381
Derecognition - Other	6	1,580	0	0	0	0	1,586
Other Movements in Cost or Valuation	1	0	0	0	(1)	0	0
At 31 March 2019	0	(1,947)	(117)	0	0	0	(2,064)
Net Book Value							
At 31 March 2019	17,757	2,388	260	106	7,183	3,281	30,975
At 31 March 2018	15,447	1,625	270	106	7,472	286	25,206

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

Depreciation

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

Other Land and Buildings: 20 - 60 years

Vehicles, Plant, Furniture and Equipment: 1 - 10 years

Infrastructure: 18 - 30 years

Surplus: 39 - 48 years

Capital Commitments

At 31 March 2019, the Council had entered into two contracts for the construction or enhancement of property, plant and equipment in 2018/19 and future years budgeted to spend some £10m. There were no similar commitments at 31 March 2018. The major commitments are:

- Market Rasen Leisure Centre £4,905,923.40

- Crematorium £3,354,076.79

Effects of Changes in Estimates

There have been no major changes in relation to estimated asset life, residual asset values, depreciation method or disposal costs in 2018/19 that would have a material effect.

Revaluations

The Council carries out a full revaluation of its property portfolio every five years with a desktop review in the intervening years. A full revaluation of land and buildings was carried out on 31 March 2019 by appointed valuers, Wilks, Head and Eve LLP in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on depreciated replacement cost with an annual impairment review.

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical Cost	0	2,344	0	3,647	5,991
Valued at Current Value as at 31 March 2019	17,757	44	7,183	0	24,984
Total Cost or Valuation	17,757	2,388	7,183	3,647	30,975

The significant assumptions applied in estimating the current values are:

- no allowance has been made for liability of taxation upon disposal;
- the instant build approach has been used for Depreciated Replacement Cost valuations;
- valuations have been provided at gross cost and do not include an allowance for purchasers cost;
- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter;
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

Assets Valued at Fair Value

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

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

2017/18 £'000	Level 2 Significant Observable Inputs	2018/19 £'000
6,756	Surplus Assets	6,535
6,756	Fair Value as at 31 March	6,535

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

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

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

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

Two oil well sites plus an aggregate site (total Balance Sheet Value £0.623m) have been based on known and estimated cash flows from the properties. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

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

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

16. INVESTMENT PROPERTIES

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

2017/18 £'000		2018/19 £'000
164	Balance at start of year:	2,591
2,490	Purchases	13,494
0	Additions	0
(63)	Net gain/(Loss) from fair value adjustments	(743)
2,591	Balance at End of the year	15,342

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

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.

2017/18 £'000	Income & Expenditure	2018/19 £'000
(80)	Rental income from investment property	(721)
6	Direct operating expenses arising from Investment property	59
(74)	Net (Gain)/Loss	(662)

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

Fair Value Hierarchy

The fair value of the Council's investment property is measured annually at each reporting date.

All valuations are carried out by the Council's external valuers Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

As at 31 March 2019 the Council holds six properties classed as investment properties. All six properties are categorised within Level 2 of the fair value hierarchy i.e. based on observable inputs for the asset. There have been no transfers from or to any of the other hierarchy groups during the year. Accounting policy xvi includes details of how assets based on fair value are valued. For assets within Level 2 observable inputs for the asset either directly or indirectly are used.

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

2017/18 £'000	Level 2 Significant Observable Inputs	2018/19 £'000
164	Commercial Retail Units	1,230
2,427	Hotel	2,527
0	Leisure	2,524
0	Manufacturing	9,061
2,591	Fair Value as at 31 March	15,342

17.

INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses. The Council has no internally generated software.

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

The carrying amount of intangible assets is amortised on a straight-line basis. Amortisation has been charged on Intangible Assets in both 2017/18 and 2018/19. The movement on Intangible Asset balances during the year is as follows:

2017/18 £'000		2018/19 £'000
	Balance at start of year:	
328	Gross carrying amounts	413
(201)	Accumulated amortisation	(253)
127	Net carrying amount at start of year	160
	Movements:	
70	Purchases	60
0	Other disposals	0
(52)	Amortisation for the period	(38)
15	Other changes	0
160	Net carrying amount at end of year	182
	Comprising:	
413	Gross carrying amounts	444
(253)	Accumulated amortisation	(262)
160	Total	182

18. FINANCIAL INSTRUMENTS

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

Financial Assets	Non-Current				Current				2017/18	2018/19
	Investments		Debtors		Investments		Debtors		Total	Total
	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Fair Value through profit or loss	3,182	3,231	0	0	42	40	0	0	3,224	3,271
Amortised Cost	48	48	828	965	12,382	11,453	3,940	2,495	17,198	14,961
Total Financial Assets	3,230	3,279	828	965	12,424	11,493	3,940	2,495	20,422	18,232
Non-Financial Assets	2,591	15,342	0	0	0	0	1,062	1,241	3,653	16,583
Total	5,821	18,621	828	965	12,424	11,493	5,002	3,736	24,075	34,815

Financial Liabilities	Non-Current				Current				2017/18	2018/19
	Borrowings		Creditors		Borrowings		Creditors		Total	Total
	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2019 £'000
Amortised Cost	0	11,000	0	0	0	32	3,472	3,862	3,472	14,894
Total Financial Liabilities	0	11,000	0	0	0	32	3,472	3,862	3,472	14,894
Non-Financial Liabilities	0	0	0	0	0	0	0	0	0	0
Total	0	11,000	0	0	0	32	3,472	3,862	3,472	14,894

RECLASSIFICATION AND REMEASUREMENT OF FINANCIAL ASSETS 1ST APRIL 2018

The effect of reclassification of financial assets following the adoption of IFRS9 Financial Instruments by the Code of Practice on Local Authority Accounting and the remeasurements of carrying amounts then required is as follows:

Loans and receivables - no change, remain as amortised costs - recurring fair value measurements using Level 2, other significant observable inputs.

Available for Sale Financial Instruments - held at amortised cost have been reclassified as Level 1 in the Fair Value Hierarchy as Fair Value through Profit and Loss and are held on the balance sheet based on their fair value, measured at published prices quoted in an active market. This remeasurement has resulted in no material change in relation to its opening carrying value. There has been no impact on the General Fund, as previous gains held in a Financial Instruments Adjustment Account totalling £182k have been credited to the CIES and have been transferred via the MIRS to the Pooled Investment Fund Adjustment Account.

This reflects that due to the change in accounting standards the Ministry of Communities, Housing and Local Government (MCHLG) have agreed a temporary statutory override to allow Local Authorities a period of 5 years to adjust their portfolio holdings. Any gains and losses are therefore currently being held in the Pooled Investment Fund Adjustment Account rather than being a gain or loss reflected in the CIES and having an impact on the taxpayer.

These measurements and classifications are in accordance with Accounting Policy x. Financial Instruments

Reclassification and Remeasurement of Impairment losses at 1st April 2018

The adjustments made to impairment loss allowance as a result of the reclassification of financial assets and

the change from an incurred losses model to an expected losses model are not material had have resulted in a credit loss of £22k being recognised in the Financing Interest and Expenditure within the CIES.

Material Soft Loans Made by the Council

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

Financial Instruments Designated at Fair Value through Profit or Loss

The Council has invested £3m in Pooled Investment Property Funds (CCLA Property Fund) which are measured at Fair Value on the Balance Sheet at £3.231m (£3.182m 2017/18) based on their quoted price in an active market for identical shares. Gains and Losses are reflected in the CIES in Financing Income and Expenditure and due to a statutory override, in year gains and losses are transferred via the MIRS to the Pooled Investment Adjustment Account. The cumulative gains held total £0.231m. As an investment fund, prices can go up as well as down.

Fair Value of Equity Instruments designated at Fair Value through Other Comprehensive Income

The Council does not have any Equity Instruments designated at fair value through Other Comprehensive Income

Income, Expense, Gains and Losses

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

2017/18 £'000 Surplus or Deficit on the Provision of Services	2017/18 £'000 Other Comprehensive Income and Expenditure		2018/19 £'000 Surplus or Deficit on the Provision of Services	2018/19 £'000 Other Comprehensive Income and Expenditure
		Net (Gains)/Losses on:		
0	(68)	Financial assets measured at fair value through the profit or loss	(49)	0
90	0	Financial assets measured at amortised cost	129	0
90	(68)	Total Net (Gains)/Losses	80	0
		Interest Revenue		
(170)	0	Financial assets measured at fair value through other comprehensive income	(157)	0
(103)	0	Financial assets measured at amortised cost	(121)	0
(273)	0	Total Interest Revenue	(278)	0
		Interest Expense		
7	0	Financial Liabilities measured at amortised cost	108	0
7	0	Total Fee Income	108	0
		Fee Expense		
17	0	Financial assets measured at fair value through the profit or loss	20	0
0	0	Financial Liabilities measured at amortised cost	9	0
17	0	Total Fee Expense	29	0

Fair Values of Financial Assets

Some of the Councils financial assets are measured at fair value on a recurring basis and are described in the following table, including valuation technique use to measure them.

Recurring fair value measurements	Input Level in fair value hierarchy	Valuation Technique Used to measure fair value	As at 31/03/2018 £'000	As at 31/03/2019 £'000
Fair Value through Profit or Loss CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for indentical shares	3,182	3,231
Total			3,182	3,231

Transfers between Levels of the Fair Value Hierarchy

There has been no transfers between input levels during the year

Changes in Valuation Technique

There has been no change in the valuation technique used during the year for financial instruments

The Fair Values of Financial Assets and Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value (described in the above table), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. The fair values are calculated as follows:

2017/18 £'000	2017/18 £'000		2018/19 £'000	2018/19 £'000
Carrying Amount	Fair Value		Carrying Amount	Fair Value
842	819	Loans and Receivables (Long Term Debtors)	965	978
(31)	(31)	Finance Lease Liabilities	0	0
0	0	PWLB Borrowing	(11,032)	(14,412)

Fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

For loans receivable and leases - agreed at market rates. Fair Value is therefore calculated on the net present value of future cashflows over their remaining term and assuming no early repayment or impairment is recognised.

For loans borrowed from the PWLB fair value is calculated under PWLB debt redemption procedures by applying the premature repayment calculation. The PWLB would raise a penalty charge for early redemption (a premium) for additional interest that will not now be paid which would result in an exit price being £14.412m.

The authority has a continuing ability to borrow at concessionary rates (0.2 base points below standard rate) from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £11.032m would be valued at £11.468m.

Short-term debtors and creditors are carried at cost (invoiced or billed amount) as this is a fair approximation of their value.

19.

DEBTORS

2017/18 (Restated) £'000		2018/19 £'000
1,965	Central Government Bodies	479
405	Other Local Authorities	512
0	NHS Bodies	0
1,158	Other Entities and Individuals	1,166
218	Trade	135
194	Prepayments	202
3,940	Total	2,494

The 2017/18 amounts have been restated to reflect changes to the CIPFA Code of Practice and relevant disclosures for debtors. Council Tax and NNDR debtors are now extracted and detailed in note 20 Debtors for Local Taxation.

20.

DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (Council tax and non domestic rates) can be analysed by age as follows:

2017/18 £'000		2018/19	
		£'000	£'000
	Less than three months	15	
	Three to Six Months	37	
	Six Months to One Year	447	
417	Less than 12 months		499
645	More than one year		743
1,062	Total		1,242

Note: A change in the code requires an analysis at 3 monthly intervals for the first year. Due to reports being unable to be generated retrospectively we are unable to provide this level of analysis for 2017/18. 2018/19 figures are presented in line with the CIPFA Code of Practice.

21.

CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements

2017/18 £'000		2018/19 £'000
1	Cash held by the Council	1
174	Bank Current Accounts	244
9,205	Short-term Deposits	11,248
9,380	Total	11,493

22.

CREDITORS

2017/18 £'000		2018/19 £'000
857	Central Government Bodies	31
801	Other Local Authorities	1,371
0	NHS Bodies	0
1,814	Other Entities and Individuals	2,460
3,472	Total	3,862

23. PROVISIONS

	Injury & damage Compensation Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2018	(14)	(776)	(144)	(934)
Adjustment to 60% re NNDR Pilot		(388)		(388)
Additional provisions made in year	(24)	0	(168)	(192)
Unused amounts reversed in year	5	135	144	284
Amounts used in year	0	34	0	34
Balance at 31 March 2019	(33)	(995)	(168)	(1,196)

Long term provisions total £0.033m and relate to injury compensation claims. A settlement date for these claims is unknown at this stage. Short term provisions total £1.163m and relate to the cost of employee's accrued leave and Business Rates rating appeals. All of these provisions should be settled within the next financial year. For 2018/19 the Council and other Lincolnshire authorities were successful in being part of 100% Business Rates retention pilot. With WLDC share being 60%, therefore opening balances on the provision have been adjusted.

24. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and also in Note 10 & 11.

25. UNUSABLE RESERVES

2017/18 £'000	SUMMARY	2018/19 £'000
(12,310)	Revaluation Reserve	(12,362)
0	Financial Instruments Revaluation Reserve	0
(12,303)	Capital Adjustment Account	(12,176)
0	Financial Instruments Adjustments Account	0
0	Pooled Investment Funds (statutory override)	(231)
36,682	Pensions Reserve	42,609
(108)	Collection Fund Adjustment Account	(348)
(181)	Available for Sale Financial Instruments Reserve	0
144	Accumulated Absences Account	168
11,924	Total Unusable Reserves	17,660

Revaluation Reserve

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

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

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

2017/18 £'000	Revaluation Reserve	2018/19 £'000
(9,117)	Balance at 1 April	(12,310)
(4,548)	Upward revaluations of assets	(1,720)
514	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	1,441
(4,034)	(Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	(279)
94	Difference between fair value depreciation and historical cost depreciation	96
747	Accumulated gains on assets sold or scrapped	131
841	Amount written off to the Capital Adjustment Account	227
(12,310)	Balance at 31 March	(12,362)

Capital Adjustment Account

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

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

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

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

2017/18 £'000	Capital Adjustment Account	2018/19 £'000	2018/19 £'000
(11,368)	Balance at 1 April		(12,303)
	Reversal of items relating to capital expenditure debited or credited to the CIES		
804	Charges for depreciation and impairment of non-current assets	756	
(458)	Revaluation losses on Property, Plant and Equipment	(503)	
53	Amortisation of intangible assets	37	
1,376	Revenue expenditure funded from capital under statute	1,648	
0	Credit loss on Loans funded by Capital	9	
810	Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	342	
2,585			2,289
(841)	Adjusting amounts written out of the Revaluation Reserve		(227)
1,744	Net written out amount of the cost of non-current assets consumed in the year		2,062
	Capital Financing Applied in the year:		
(344)	Use of Capital Receipts Reserve to finance new capital expenditure	0	
(757)	Capital grants and contributions credited to the CIES that have been applied to capital Financing	(1,563)	
(36)	Applications of grants to capital financing from the Capital Grant Unapplied Account	(37)	
(96)	Statutory provision for the financing of capital investment charged against the General Fund balance	(33)	
(18)	Statutory provision charged against Capital Receipts Reserve for the repayment of loans funded by borrowing	(3)	
295	Loan Principal Repaid	11	
(1,786)	Capital expenditure charged against the General Fund balance	(1,053)	
(2,742)			(2,678)
63	Movement in market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement		743
(12,303)	Balance at 31 March		(12,176)

Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustment Account holds the Fair Value adjustments of Investments reclassified as Fair Value through the Profit and Loss (IFRS 9). There is a 5 year statutory override in place to prevent the fair value movement having an adverse effect on the CIES and General Fund. This unusable reserve will hold the fair value gains and losses until the investment is no longer held or the statutory override ends (Financial Year 2022/23).

2017/18 £'000	Pooled Investment Funds Adjustment Account	2018/19 £'000
0	Balance at 1 April	0
0	IFRS9 Adjustment - Transfer of Investment Fair Value Gain previously held in Available for Sale Financial Instruments Reserves	(182)
0	Fair Value adjustment	(49)
0	Balance at 31 March	(231)

Pensions Reserve

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

2017/18 £'000	Pensions Reserve	2018/19 £'000
36,382	Balance at 1 April	36,682
(1,413)	Remeasurement of the net defined benefit liability/(asset)	4,176
3,433	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of services in the CIES	3,547
(1,720)	Employee pensions contributions and direct payments to pensioners payable in year	(1,796)
36,682	Balance at 31 March	42,609

Collection Fund Adjustment Account

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

2017/18 £'000	Collection Fund Adjustment Account	2018/19 £'000
1,216	Balance at 1 April	(108)
(1,324)	Amount by which Council Tax and Non-Domestic rating income credited to the CIES is different from Council Tax and Non-Domestic rating income calculated for the year in accordance with statutory requirements	(240)
(108)	Balance at 31 March	(348)

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.

2017/18 £'000	Accumulated Absences Account	2018/19 £'000
139 (139)	Balance at 1 April Settlement or cancellation of accrual made at the end of the preceding year	144 (144)
144	Amounts accrued at the end of the current year	168
5	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	24
144	Balance at 31 March	168

26. MEMBERS' ALLOWANCES

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

2017/18 £'000	Members' Allowances	2018/19 £'000
192	Basic Allowance	197
63	Special Responsibility Allowances	64
26	Expenses	30
281	Total expenditure	291

27. OFFICERS' REMUNERATION

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

Post Title		Salary, Fees, Allowances & Compensation for Loss of Office £	Pensions Contributions £	TOTAL £
Chief Executive (Left 07/07/2017)	2018/19 2017/18	0 145,148	0 8,605	0 153,753
Executive Director of Operations (previously Chief Operating Officer to 22/01/2018)	2018/19 2017/18	93,240 89,454	24,441 22,878	117,681 112,332
Executive Director of Resources (S151) (previously Director of Resources (S151) to 22/01/2018)	2018/19 2017/18	93,240 89,454	24,441 22,878	117,681 112,332
Executive Director Economic & Commercial Growth (previously Economic & Commercial Growth Director to 22/01/2018)	2018/19 2017/18	93,240 88,882	24,441 22,144	117,681 111,026
Strategic Lead Governance & People (Monitoring Officer) (Previously Strategic Lead Democratic & Business Support (Monitoring Officer) to 22/01/2018)	2018/19 2017/18	71,661 68,981	18,185 17,443	89,846 86,424
Strategic Manager - Services*	2018/19	61,812	16,203	78,015
Housing & Enforcement Manager*	2018/19	51,000	13,369	64,369
Planning & Development Manager* (Left 01/03/19)	2018/19	53,040	0	53,040

* Following the Team Manager Structure, the posts Strategic Manager-Services, Housing and Enforcement Manager and Planning and Development Manager now report directly to the Head of Paid Service

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

There were no taxable expenses allowances, other payments or bonus payments made to senior members of staff in 2017/18 or 2018/19.

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

Number of Employees 2017/18	Remuneration Band	Number of Employees 2018/19
4	£50,000 to £54,999	5
0	£55,000 to £59,999	1
3	£60,000 to £64,999	2
1	£65,000 to £69,999	1
0	£70,000 to £74,999	2
0	£75,000 to £79,999	0
0	£80,000 to £84,999	0
3	£85,000 to £89,999	0
0	£90,000 to £94,999	3
0	£95,000 to £99,999	0
0	£100,000 to £104,999	0
0	£105,000 to £109,999	0
0	£110,000 to £114,999	0
0	£115,000 to £119,999	0
0	£120,000 to £124,999	0
0	£125,000 to £129,999	0
0	£130,000 to £134,999	0
0	£135,000 to £139,999	0
0	£140,000 to £144,999	0
1	£145,000 to £149,999	0
12	Total	14

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for the Council in 2018/19 are set out in the table below:

Exit Package Cost band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit packages by Cost Band		Total Cost of Exit Packages in each Band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0- £20,000	3	2	0	4	3	6	13,199	60,347
£20,001 - £40,000	4	0	0	0	4	0	114,975	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	1	0	1	0	80,333	0
Total	7	2	1	4	8	6	208,507	60,347

28. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and for non-audit services provided by the Council's external auditors. The appointed auditors are Mazars Ltd (KPMG Ltd 2017/18)

Restated 2017/18 £'000	External Audit Costs	2018/19 £'000
43	Fees payable to the External Audit with regard to external audit services carried out by the appointed auditor for the year	33
6	Fees payable to the External Audit for the certification of grant claims and returns for the year	6
4	Fees payable in respect of other services provided by the External Audit during the year	0
53	Total	39

2017/18 external audit fees restated to include additional fees incurred in relation to 2017/18 grant certification work (£2k)

29. GRANT INCOME

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

2017/18 £'000		2018/19 £'000
	Credited to Taxation and non Specific Grant Income:	
761	Department of Communities & Local Government - Revenue Support Grant	0
3,909	Business rate Retention Scheme	6,054
1,896	Department of Communities & Local Government - New Homes Bonus	1,278
0	Capital Grants & Contributions - GLLEP Funding	1,053
0	Capital Grants & contributions - Other	91
711	Other Grants & Contributions	276
7,277	Total Non Specific Grant Income	8,752
	Credited to Services, Revenue Related:	
21,503	Department of Work & Pensions - Housing Benefit Allowance	20,120
659	Department of Communities & Local Government - Disabled Facilities Grants	718
282	Department of Work & Pensions - Housing Benefits Administration Grants	263
0	Lincolnshire County Council - GLLEP Funding	310
89	Department of Communities & Local Government - Universal Credit	0
992	Other Grants & Contributions	594
23,525	Total Credited to Service	22,005

Current Liabilities

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

2017/18 £'000		2018/19 £'000
874	Capital grants receipts in advance: S106 Agreements	1,313
24	Revenue grants receipts in advance: Portas Pilot (Mr Big)	24
0	Lincolnshire County Council - GLLEP Funding	207
898	Total	1,544

30.

RELATED PARTIES

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

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

UK Central Government

The UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from Government Departments are set out in the analysis in Note 29.

Councillors

Councillors have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 26.

During 2018/19, 10 Councillors and 4 spouses/family members declared a related party interest with regard to being either a director or partner or having an interest in a company or organisations. One material transaction occurred between the Council and a declared organisation in which a Councillor had control/influence. This consisted of a Long Term Loan to Hillcrest Park Properties Limited for £0.133m. The loan was provided after following the Council's loan procedures. The Council paid levies and service costs of £0.311m to four Internal Drainage Boards where Councillors represented the Council, specifically; Witham 3rd IDB (3 Councillors, £0.191m), Scunthorpe and Gainsborough Water Management Board (2 Councillors, £0.057m), Upper Witham IDB (1 Councillor, £0.044m), Ancholme IDB (1 Councillor, £0.019m). In addition, the Council paid grants totalling £0.121m to voluntary organisations in which Councillors have a position on the governing body. The relevant Councillors did not take part in any discussion or decision relating to the grants. The Register of Members' Interest is available to be viewed on the Council's website.

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

Senior Officers

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation. One officer is a trustee of Community Lincolnshire and a payment of £0.028m was made by the Council to the organisation. The Executive Director of Operations resigned as Director of the Council's companies WLDC Staffing Services Ltd, Surestaff Ltd and WLDC Trading Ltd on the 15/02/2019. From the 15/02/2019 the Council's Communities and Commercial Programme Manager became the Director for WLDC Staffing Services Ltd, Surestaff Limited and WLDC Trading Limited. The Executive Director of Economic and Commercial Growth continues as a Director to Market Street Renewal Ltd part owned by WLDC.

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

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

Lincolnshire County Council

Pension Fund as disclosed in Note 33

Preceptor as disclosed in the Collection Fund.

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

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

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

The Council has representation on the Central Lincolnshire Joint Strategic Planning Committee. Voting rights on the Committee are shared equally with the Council holding a 25% share. During 2018/19 the Council contributed £98,900 (£98,900 2017/18).

Entities Controlled or Significantly Influenced by the Council

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

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

Surestaff Lincs Ltd	2017/18 £	2018/19 £
Council Received	15,714	12,870
Council Paid Out	22,000	2,000
Loans Balance Brought Forward	15,000	30,000
Loans Issued	22,000	2,000
Less Loans Repaid	(7,000)	0
Loans Outstanding 31 March	30,000	32,000

WLDC Staffing Services Ltd	2017/18 £	2018/19 £
Council Received	6,242	4,785
Council Paid Out	435,515	502,801
Loans Balance Brought Forward	15,000	15,000
Loans Issued	11,000	7,000
Loans Repaid	(11,000)	0
Loans Outstanding 31 March	15,000	22,000

WLDC Trading Ltd was created as a holding company for the purpose of governance. West Lindsey District Council is the sole shareholder and WLDC Trading Ltd holds 1 share in WLDC Staffing Services Ltd and 200 shares in Surestaff Lincs Ltd.

Group Accounts have not been produced for 2018/19 incorporating the financial position of Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd.

In 2016/17 West Lindsey District Council became a 50% shareholder of Market Street Renewal Limited. Eve Fawcett-Moralee (Executive Director of Economic and Commercial Growth for WLDC) is a Director. The company was primarily set up for the development and renovation of properties in Market Street in Gainsborough.

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

Market Street Renewal Limited (MSRL)	2017/18 £	2018/19 £
Council Received	0	0
Council Paid Out	455,000	90,000
MSRL Share Capital	200	200
Loans balance brought forward	0	375,000
Loans issued in the financial year	375,000	0
Loans repaid in the financial year	0	0
Loans Outstanding 31 March	375,000	375,000
Grants issued	80,000	90,000

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

31. CAPITAL EXPENDITURE AND FINANCING

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

2017/18 £'000		2018/19 £'000
1,219	Opening Capital Financing Requirement Capital Investment	4,714
1,516	Property, Plant and Equipment	2,746
296	Assets Under Construction	2,995
70	Intangible Assets	60
2,490	Investment Properties	13,494
0	Long Term Shares Investment	0
784	Long Term Loan	158
0	Adjustment for non-capital loans	(45)
1,376	Revenue Expenditure Funded from Capital Under Statute	1,648
	Sources of Finance	
(344)	Capital Receipts	0
(793)	Government Grants and Contributions	(1,600)
	<i>Sums set aside from Revenue:</i>	
(1,786)	Direct revenue contributions	(1,053)
(114)	Minimum Revenue Provision	(36)
4,714	Closing Capital Financing Requirements	23,081
	Explanation of Movements in Year	
3,495	Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	18,367
0	Assets Acquired under Finance Leases	0
3,495	Increase/(Decrease) in Capital Financing Requirement	18,367

32.

LEASES

WEST LINDSEY DISTRICT COUNCIL AS LESSEE**Finance Leases**

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

The Council acquired an Investment Property during 2017/18 for £2.49m on long term lease (219 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease for a period of 25 years (with 18 years remaining).

The Council acquired a further Investment Property in 2018/19 for £2.52m on long term lease (135 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease for a period of 35 years (with 20 years remaining).

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

2017/18 £'000		2018/19 £'000
410	Other Land and Buildings	812
2,427	Investment Properties	5,051
56	Vehicles, Plant, Furniture and Equipment	0
2,893		5,863

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

2017/18 £'000		2018/19 £'000
	Finance lease liabilities (net present value of minimum lease payments):	
31	Current (Capital)	0
31		0

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

2017/18 Minimum Lease Payments £'000	2017/18 Finance Lease Liabilities £'000		2018/19 Minimum Lease Payments £'000	2018/19 Finance Lease Liabilities £'000
31	0	Not later than one year	0	0
0	0	Later than one year and not later than five years	0	0
0	0	Later than five years	0	0
31	0		0	0

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19 no contingent rents were payable by the Council (2017/18 £0).

The Council has sub-let the properties held under these finance leases. At 31 March 2019 the minimum payments expected to be received under non-cancellable sub-leases was £6.22m (£3.01m at 31 March 2018).

Operating Leases

The Council has entered into operating leases for two investment properties, a depot and car park space.

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

2017/18 £'000		2018/19 £'000
20	Not later than one year	20
25	Later than one year and not later than five years	13
0	Later than five years	4
45		37

The expenditure charged to the People Cluster line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2017/18 £'000		2018/19 £'000
33	Minimum lease payments	23
(5)	Contingent rents	1
28		24

WEST LINDSEY DISTRICT COUNCIL AS LESSOR**Finance Leases**

The Council leased out three properties on finance leases in the 1980's with remaining terms in excess of 65 years. A premium was paid on commencement of the lease term, for each property with annual rents payable on a peppercorn basis. The total existing use value of the three properties at 31 March 2019 was £0.32m (£0m as at 31 March 2018). The movement in the value of the properties is due to a change in the valuation method applied to ensure consistency across all properties. The properties are themselves held by the Council on long leases. Based on the materiality of the values, the peppercorn rents and the length of the lease terms the Council has not assessed any gross investment in the leases.

Operating Leases

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

For the provision of community services, such as sports facilities.

For economic development purposes to provide suitable affordable accommodation for local businesses and to bring empty properties back into use.

The net book value of these assets is £30.5m (17/18 £16.3m)

The future minimum lease payments receivable in future years are:

2017/18 £'000		2018/19 £'000
419	Not later than one year	1,372
1,237	Later than one year and not later than five years	4,671
2,318	Later than five years	6,452
3,974		12,495

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2018/19 there were no contingent rents receivable by the Council (2017/18 £0).

33. DEFINED BENEFIT PENSION SCHEME

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

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

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

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

Participation in Pension Schemes

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

The Local Government Pension Scheme, administered locally by Lincolnshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

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

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

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

Discretionary Post-retirement Benefits

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

Transactions Relating to Post-employment Benefits

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

McCloud Judgement

The information provided within the following tables is based on the Actuarial valuation 30 April 2019 and does not include non-material amounts (£0.332m increase in net liabilities) relating to the impact from the McCloud judgement (Legal Case relating to age discrimination arising from Public Sector transition arrangements).

2017/18 £'000	LOCAL GOVERNMENT PENSION SCHEME	2018/19 £'000
	<i>Comprehensive Income and Expenditure Statement</i>	
	Cost of Services	
2,381	Current Service Cost	2,547
97	Past Service Cost/(Gain)	0
	Financing and Investment Income and Expenditure	
955	Net Interest Expense	1,000
3,433	Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services	3,547
	Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(146)	Return on plan assets (excluding the amount included in the net interest expense)	2,675
0	Actuarial Gains/(Losses) arising on changes in demographic assumptions	0
1,554	Actuarial Gains/(Losses) arising on changes in financial assumptions	(6,807)
5	Other actuarial Gains/(Losses) on assets	(44)
4,846	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(629)
	Movement in Reserves Statement	
(3,433)	Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post-employment benefits in accordance with the Code.	(3,547)
	Actual amount charged against the General Fund Balance for the pensions in the year	
1,632	Employers' contributions payable to the scheme	1,707
88	Retirement benefits payable to pensioners	89
(1,713)	Net Movement in Reverses Statement (Note 10)	(1,751)

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

2017/18 £'000	Balance Sheet	2018/19 £'000
(85,357)	Present value of the defined benefit obligation	(95,028)
48,675	Fair value of plan assets	52,419
(36,682)	Net liability arising from the defined benefit obligation	(42,609)

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

2017/18 £'000	Reconciliation of Fair Value of Scheme (Plan) Assets	2018/19 £'000
47,910	Opening fair value of scheme assets at 1 April	48,675
1,241	Interest Income	1,310
	Remeasurement Gains/(Losses)	
(146)	The return on plan assets, excluding the amount included in the net interest expense	2,675
1,632	Employer Contributions	1,707
394	Contributions paid by scheme participants	432
(2,356)	Benefits paid	(2,380)
48,675	Closing fair value of scheme assets at 31 March	52,419

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

Funded Liabilities 2017/18 £'000	Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities 2018/19 £'000
84,292	Opening balance at 1 April	85,357
2,381	Current service cost	2,547
2,196	Interest cost	2,310
394	Contributions from scheme participants	432
	Remeasurement (Gains)/Losses	
0	Actuarial Gains/(Losses) arising on changes in demographic assumptions	0
(1,554)	Actuarial Gains/(Losses) arising on changes in financial assumptions	6,807
(5)	Other	44
97	Past service costs	0
(2,444)	Benefits paid	(2,469)
85,357	Closing present value of scheme liabilities at 31 March	95,028

Local Government Pension Scheme assets comprised:

2017/18 Fair Value of Scheme Assets £'000	2017/18 % of Total Assets %	Local Government Pension Scheme Asset Categories	2018/19 Fair Value of Scheme Assets £'000	2018/19 % of Total Assets %
		Equity Instruments		
3,576	7	Consumer	5,911	11
2,767	6	Manufacturing	2,134	4
1,350	3	Energy & Utilities	1,195	2
3,347	7	Financial Institutions	3,110	6
2,071	4	Health & Care	2,323	4
3,786	8	Information Technology	3,530	7
0	0	Other	0	0
		Debt Instruments		
0	0	Corporate Bonds (Investment Grade)	0	0
0	0	UK Government	0	0
		Private Equity		
788	2	All	550	1
		Real Estate		
4,125	8	UK Property	4,192	8
363	1	Overseas Property	330	1
		Investment Funds & Unit Trusts		
13,506	28	Equities	14,469	28
5,754	12	Bonds	6,308	12
709	1	Infrastructure	990	2
5,938	12	Other	6,799	13
		Cash & Cash Equivalents		
595	1	All	578	1
48,675	100	Total Assets	52,419	100

All scheme assets have quoted prices in open markets.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

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

Significant Assumptions used by the Actuary

The significant assumptions used by the actuary have been:

Local Government Pension Scheme		
2017/18		2018/19
%	Long Term Expected Rate of Return on Assets in the Scheme	%
2.7	Equity Investments	2.4
2.7	Bonds	2.4
2.7	Property	2.4
2.7	Cash	2.4
Years	Mortality Assumptions	Years
22.1	Longevity at 65 for current pensioners Men	22.1
24.4	Women	24.4
24.1	Longevity at 65 for future pensioners Men	24.1
26.6	Women	26.6
%	Financial Assumptions	%
2.4	Rate of Inflation	2.5
2.8	Rate of increase in salaries	2.9
2.4	Rate of increase in pensions	2.5
2.7	Rate for discounting scheme liabilities	2.4
%	Take up option to convert pension into maximum retirement lump sum - within HMRC limits	%
50	Pre April 2008 service - Maximum additional tax-free cash	50
75	Post April 2008 service - Maximum tax-free cash	75

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

Sensitivity Analysis	Approx. Increase to Employer Liability	Approx. Monetary Amount
Change in Assumptions at 31 March 2019	%	£'000
Longevity (increase or decrease in 1 year)	3 - 5	4,751
Rate of inflation (increase or decrease by 1%)	1	98
0.5% decrease in Real Discount Rate	10	9,431
0.5% increase in Salary Increase Rate	1	1,276
0.5% in the Pension Increase Rate	8	8,002

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

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

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

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

Impact on the Council's Cash Flows

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

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

The Council expects to pay £1.994m in contributions in 2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 17.1 years as at 31 March 2019, and are as they stood at the most recent actuarial valuation as at 31 March 2016.

34.

CONTINGENT LIABILITIES

Grant Claims

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

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

Business Rates Appeals

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

Historic Planning Fees

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

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

Saxilby Industrial Units

The Council is committed to the acquisition of Industrial Units on Saxilby Industrial Estate. The final long-stop date for delivery of the units is January 2020. The completion date is not yet known, pending a final date for electrical connections to be carried out by Western Power Distribution.

35.

CONTINGENT ASSETS

Right to Buy Sharing Agreement

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

The Council will receive capital receipts each year up to 2028 for any properties sold. The value of the receipt is calculated using a formula that takes the net income forgone from the total proceeds from the sale of dwellings. It is difficult to ascertain how much the Council might receive but an average amount of circa £0.195m over the last 2 financial years has been received.

VAT on Postages

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

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

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

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

Greater Lincolnshire Local Enterprise Partnership (GLLEP)

On 09 March 2017 it was confirmed that the Greater Lincolnshire Enterprise Partnership had been successful in securing £29.45m from Single Local Growth Fund. The Council has been successful in bidding for funds to support projects and have been awarded £4m towards the Gainsborough Growth Programme and £2m of funding for the Food Enterprise Zone. Funds will be drawn down in accordance with Grant Funding Agreements and phased project delivery.

Truck Cartel

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

Grant and Contributions

The Council is in the process of embarking on an ambitious programme of regeneration works within Gainsborough covering commercial, housing and leisure development. Funding of this investment will come not only from the Councils own resources but also via grants and contributions secured from external sources. Until these are 100% confirmed it is not possible to estimate the amount of expected future grants and contributions.

Foxby Lane and Mercury House

An agreement is in place between Lincolnshire County Council and West Lindsey District Council due to the contributions made to the development of Foxby Lane including Mercury House. The Council is entitled to 15.275% share of proceeds from any disposal and rental income. Lincolnshire County Council have received an offer for part of the land but it is not possible to determine when any disposal will take place. Lincolnshire Legal Services are representing the District Council on this matter. A request has also been made in respect of any rental income due to the District under the terms of this Agreement. It is not possible to determine the value or timing of any payments at this stage.

36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

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

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

Overall procedures for managing risk

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

Risk management is carried out by officers in the Financial Services team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as any credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

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

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

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries
- Banks 1 – good credit quality – the Council will only use banks which :-
 - are UK banks: and/or
 - are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA

and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

- Short Term F1
- Long term A

- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. (These banks can be included if it continues to be part nationalised or it meets the ratings in Banks 1 above).
- Banks 3 – The Councils own banker for transactional purposes. If the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation – The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies – The Council will use all societies which meet the ratings for banks outlined above.
- Money Market Funds – AAA
- Enhanced Money Market Funds - AAA
- UK Government (including gilts, treasury bonds and the DMADF)
- Local authorities, parish Councils etc.
- Supranational institutions
- Local Authority Property Asset Fund
- Corporate Bond Funds
- Covered Bonds

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

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

The full Investment Strategy for 2018/19 was approved by Full Council on 5 March 2018 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £3m (£6m 2017/18) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2019 that this was likely to crystallise.

Amounts Arising from Expected Credit Loss

The changes in the loss allowance for each class of financial instrument ie investments at amortised cost, trade receivables etc)

Asset Class (amortised cost)	12 Month expected credit loss £'000	Lifetime expected credit losses - not credit impaired £'000	Lifetime expected credit losses - credit impaired £'000	Lifetime expected credit losses - simplified approach £'000	Total £'000
Opening Balance as at 1 April 2018	0	0	0	(1,310)	(1,310)
Transfers:					
Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	(20)	20	0
Amounts Written off	0	0	0	16	16
Changes in models/risk parameters	0	(23)	0	(106)	(129)
At 31 March 2019	0	(23)	(20)	(1,380)	(1,423)

Credit risk exposure

The authority has the following exposure to credit risk at 31 March 2019:

	Credit Risk Rating	Gross Carrying amount £'000
12-Month expected credit losses	AAA - Very Low AA - Very Low Very Low	5,003 4,204 3,231
Significant increase in credit risk since initial recognition	High Medium Low Very Low	40 26 388 543
Credit-impaired at 31 March	Standard Debtors High Risk	21
Simplified Approach	Standard Debtors - Medium Risk Benefit Debtors - Medium Risk	447 2,008
At 31 March 2019		15,911

Excludes statutory debtors Council Tax and NNDR

The Council initiates a legal charge on property where, for instance, clients can not afford to pay immediately, usually in cases where the Council has carried out works to buildings in default of the owner. The total collateral at 31 March 2019 was £0.042m (£0.042m 31 March 2018)

Liquidity Risk

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

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a proportion of its borrowing at a time of unfavourable interest rates.

The Maturity analysis of financial liabilities is as follows:

31 March 2018 £'000	Maturity Analysis of Financial Assets	31 March 2019 £'000
16,331	Less than 1 year	13,988
16	Between 1 and 2 years	9
17	Between 2 and 3 years	0
4,058	More than 3 years	4,235
20,422	Total	18,232

Refinancing and Maturity Risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

31 March 2018 £'000	Maturity Analysis of Financial Liabilities	31 March 2019 £'000
3,472	Less than 1 year	3,894
0	Between 1 and 2 years	0
0	Between 2 and 5 years	2,500
0	Between 5 and 25 years	2,500
0	Between 25 and 50 years	6,000
3,472	Total	14,894

Market Risk

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 Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowing at fixed rates - the fair value of the liabilities borrowings will fall
- Investments at variable rates - the interest income credited to the Surplus or Defecit on the Provision of Services will rise
- Investments at fixed rates - the fair value of the assets will fall

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

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

At 31 March 2019, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	76
Impact on Surplus or Deficit on the Provision of Service	76

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note 18 – Fair Value of Assets and Liabilities carried at Amortised Cost.

Price Risk

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

However, the Council holds £3m in the CCLA property fund that has a carrying value as at 31 March 2019 of £3.231m. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the tax payer.

Foreign Exchange Risk

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

37. CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flow for operating activities include the following items:

2017/18 £'000		2018/19 £'000
289	Interest received	278
(5)	Interest paid	(74)
284	Total	204

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2017/18 1 April £'000	Financing cash flows £'000	Non-cash changes Acquisition £'000	Other non-cash changes £'000	2018/19 1 March £'000
Long-term borrowings	0	11,000	0	0	11,000
Short-term borrowings:					
Lease Liabilities	31	(31)	0	0	0
Other Short-Term borrowing	0	0	0	32	32
Total liabilities from financing activities	31	10,969	0	32	11,032

39. AGENCY SERVICES

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

40. GROUP ACCOUNTS

The Council judged that the preparation of Group Accounts is not necessary under the Code of Practice and is of no material benefit to users of the Statement of Accounts in understanding the Council's financial position. Details of entities controlled or significantly influenced by the Council can be found in Note 30.

41. TRADING OPERATIONS

The Council has established a trading unit where the Budget Manager is required to operate in a commercial environment and balance the budget by generating income from other organisations. Details of those units with a turnover greater than £27,000 are as follows:

Service	2017/18			2018/19		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure /(income) £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure/ (Income) £'000
Trade Waste	165	(241)	(76)	152	(283)	(131)
Total	165	(241)	(76)	152	(283)	(131)

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

42. TRUST FUNDS

The Council acts as a custodian for funds of Hemswell Resident Company Ltd who's purpose is to supply estate management and other services to a private estate at Hemswell Cliff. The funds are held as a bare trust known as the Reserve Account with West Lindsey District Council acting as Trustee and Hemswell Resident Company Ltd as Beneficiary. The Council takes no decision on the funds use, however is contracted to provide services to the Company. The fund is currently £0.066m which is held as cash with a corresponding creditor liability on our balance sheet.

COLLECTION FUND ACCOUNT

Supplementary Financial Statements and Explanatory Notes

The Collection Fund

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

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

In 2013/14 the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the district. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base.

The scheme allows the Council to retain a proportion of the total Business Rates received. In 2018/19 The Council was part of the Lincolnshire Business Rates 100% Retention Pool Pilot. The Council's share is 60% with the remainder paid to Lincolnshire County Council 40% (2017/18 Shares - The Council 40%, Lincolnshire County Council 10% and Central Government 50%).

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

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

2017/18				2018/19			
Council Tax £'000	Business Rates £'000	Total £'000	Income / Expenditure	Note	Council Tax £'000	Business Rates £'000	Total £'000
48,577	0	48,577	Income				
0	16,718	16,718	Net Council Tax Receivable	1	51,503	0	51,503
0	608	608	Net Business Rates Receivable	2	0	17,511	17,511
			Transitional Protection Payments receivable		0	431	431
48,577	17,326	65,903	Total Income		51,503	17,942	69,445
			Expenditure				
			<i>West Lindsey District Council</i>				
7,695	6,548	14,243	Precepts, Demands & Shares Distributed		7,967	10,431	18,398
219	(1,389)	(1,170)	Surplus/(Deficit)		105	0	105
			<i>Lincolnshire County Council</i>				
33,982	1,637	35,619	Precepts, Demands & Shares Distributed		35,989	6,954	42,943
980	(347)	633	Surplus/(Deficit)		464	0	464
			<i>Lincolnshire Police & Crime Commissioner</i>				
5,950	0	5,950	Precepts, Demands & Shares Distributed		6,354	0	6,354
175	0	175	Surplus/(Deficit)		81	0	81
			<i>Central Government</i>				
0	8,185	8,185	Precepts, Demands & Shares Distributed		0	0	0
0	(1,737)	(1,737)	Surplus/(Deficit)		0	0	0
0	105	105	Cost of Collection Allowance		0	105	105
0	424	424	Write offs of uncollectable amounts		2	0	2
165	350	515	Increase/(Decrease) in Impairment Allowance		168	190	358
0	(3)	(3)	Increase/(Decrease) in Provision for Appeals		0	(282)	(282)
0	0	0	Transitional Protection Payments		0	0	0
0	52	52	Disregarded Amounts		0	195	195
49,166	13,825	62,991	Total Expenditure		51,130	17,593	68,723
2,024	(3,863)	(1,839)	Surplus or (Deficit) b/fwd 1 April		1,435	(362)	1,073
(589)	3,501	2,912	Surplus or (Deficit) arising during the year	3	373	349	722
1,435	(362)	1,073	Surplus of (Deficit) cfwd 31 March		1,808	(13)	1,795

NOTES TO THE COLLECTION FUND ACCOUNT

1. COUNCIL TAX

Council tax income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Lincolnshire Police and Crime Commissioner and West Lindsey District Council together with each Parish requirement. This is then divided by the Council Tax base i.e. the number of properties in each valuation band for 2018/19 this was converted to an equivalent number of Band D dwellings and adjusted for discounts. The basic amount of Council Tax for a Band D property including an average parish charge is £1,721.51 (£1,644.61, 2017/18) and is multiplied by the ratio specified for the particular band to give an individual amount due.

The Council Tax Base for 2018/19 was 29,224.12 (28,959.46 2017/18). This increase between financial years is as a result of the reduction in long term empty properties, and new properties added to the rating list. The tax base for 2018/19 was approved by the Council meeting in January 2018 and was calculated as follows:

Valuation band	No of Dwellings on Valuation List		Equivalent Dwellings after discounts, exemptions and reliefs and Local Council Tax Support Scheme		Ratio to Band D	Number of Band D Equivalent Dwellings	
	2017/18	2018/19	2017/18 *	2018/19		2017/18	2018/19
Disabled	0	0	13	18	5/9	7	10
Band A	15,943	16,106	9,860	10,081	6/9	6,575	6,721
Band B	7,971	8,008	6,463	6,519	7/9	5,028	5,071
Band C	7,570	7,610	6,563	6,579	8/9	5,834	5,848
Band D	5,679	5,708	5,218	5,245	9/9	5,219	5,245
Band E	3,382	3,419	3,159	3,188	11/9	3,862	3,896
Band F	1,413	1,420	1,321	1,332	13/9	1,909	1,924
Band G	511	513	486	484	15/9	809	806
Band H	66	67	45	46	18/9	90	91
Total	42,535	42,851	33,128	33,492		29,333	29,612
*2017/18 figures amended to reflect equivalent dwellings after discounts, exemptions and reliefs and Local Council Tax support scheme.							
Deduction for non-collection, new build, demolition and other adjustments						(499)	(503)
Band D Equivalent for Council Tax Base						28,834	29,109
Band D Equivalent for Contributions in Lieu						125	115
Council Tax Base (Band D equivalent)						28,959	29,224

2. BUSINESS RATES

Business Rates (NNDR) are determined on a national basis by Central Government which sets an annual non-domestic rating multiplier amounting to 49.3p in 2018/19 (47.9p in 2017/18). The non-domestic rate multiplier for small businesses is 48.0p in 2018/19 (46.6p in 2017/18). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values totalled £48.527m at 31 December 2017 and were used to calculate the Business Rates Retention scheme amounts for 2018/19 (£46.386m in 2017/18). The local rateable values totalled £48.151m at 31 March 2019. (£48.261m at 31 March 2018).

During 2018/19 The Council were part of the Lincolnshire 100% Business Rates Retention Pool Pilot which meant that for 2018/19 The Council retained 60% of the total collectable rates with the remaining 40% going to Lincolnshire County Council.

The business rates shares payable for 2018/19 were estimated before the start of the financial year as £6.954m to Lincolnshire County Council and £10.431m to West Lindsey District Council. These sums have been paid in 2018/19 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all Authorities receive their baseline amount. Tariffs due from Authorities are payable to Central Government or if the authority is part of a Business Rates Pool, to the administering authority. The tariff is used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Council paid a tariff of £5.778m (£3.389m 2017/18) to the Lincolnshire Business Rates Pool.

The total income from business rate payers collected in 2018/19 was £17.511m (£16.718m 2017/18).

In addition to the tariff, a 'safety net' figure is calculated at 97% for 2018/19 (due to The Council being part of the 100% retention pool pilot)(92.5% 17/18) of baseline amount which ensures that authorities are protected to this level of Business Rates income. The safety net figure for the Council is £3.640m (£2.611m 2017/18). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief.

3. COLLECTION FUND SURPLUSES AND DEFICITS

The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made on the year end balance. The calculation is made on the 15 January each year and taken into consideration when setting the Council Tax 2018/19. In 2018/19 the Council received £0.105m, its share of the 2017/18 Council Tax estimated surplus and this amount is reflected in the CIES, Taxation and Other Grant Income.

The actual cumulative Collection Fund surplus of £1.795m at 31 March 2019 includes the Business Rates deficit of £0.013m. There has been a decrease in the provision for appeals in 2018/19 with the total provision at £1.658m. (£1.940m 2017/18).

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

2017/18			2018/19		Total £'000
CTAX £'000	Business Rates £'000		CTAX £'000	Business Rates £'000	
225	(145)		West Lindsey District Council	285	
1,028	(36)	Lincolnshire County Council	1,292	103	1,395
182	0	Lincolnshire Police and Crime Commissioner	231	0	231
0	(181)	Central Government	0	(181)	(181)
1,435	(362)	Balance at 31 March	1,808	(13)	1,795

INDEPENDENT AUDITOR'S REPORT TO WEST LINDSEY DISTRICT COUNCIL

Opinion

We have audited the financial statements of West Lindsey District Council for the year ended 31 March 2019, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of West Lindsey District Council as at 31st 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.

Basis for opinion

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 section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applicable to public interest entities, 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 opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Executive Director of Resources and Head of Paid Service's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Executive Director of Resources and Head of Paid Service's has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council'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 Executive Director of Resources and Head of Paid Service's 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, except to the extent otherwise explicitly stated in our report, 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.

We have nothing to report in this regard.

Responsibilities of the Executive Director of Resources and Head of Paid Service for the financial statements

As explained more fully in the Executive Director of Resources and Head of Paid Service's Responsibilities, the Executive Director of Resources and Head of Paid Service is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Executive Director of Resources and Head of Paid Service is also responsible for such internal control as the Executive Director of Resources and Head of Paid Service determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Executive Director of Resources and Head of Paid Service is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution without transfer of services or function to another entity. The Executive Director of Resources and Head of Paid Service is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

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 responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on West Lindsey District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, West Lindsey District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the 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 in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

Responsibilities of the Council

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are required under section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Use of the audit report

This report is made solely to the members of West Lindsey District Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council 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 Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of West Lindsey District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

For and on behalf of Mazars LLP
45 Church Street, Birmingham, B3 2RT
23 July 2019

GLOSSARY OF TERMS

ACCOUNTING POLICIES

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

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

Accounting policies do not include estimation techniques.

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

ACCRUALS

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

AMORTISATION

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

AUTHORISED LIMIT

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

BALANCES

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

BALANCE SHEET

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

BILLING AUTHORITIES

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

BUSINESS RATES/NATIONAL NON DOMESTIC RATES (NNDR)

See National Non Domestic Rates (NNDR).

CAPITAL ADJUSTMENT ACCOUNT

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

CAPITAL CHARGES

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

CAPITAL EXPENDITURE

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

CAPITAL PROGRAMME

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

CAPITAL RECEIPTS

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

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

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

COMMUNITY ASSETS

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

CONTINGENT LIABILITIES

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

CONSTRUCTION CONTRACTS

A contractual obligation for the construction or enhancement of Property, Plant and Equipment.

COUNCIL TAX

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

COUNCIL TAX BASE

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

CREDIT RISK EXPOSURE

The value of the position exposed to default. Credit Risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfil its financial obligations in a timely manner.

CURRENT EXPENDITURE

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

DEFERRED CREDITS

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

DEPRECIATION

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

EARMARKED RESERVES

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

EMOLUMENTS

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

EQUITY METHOD

Investments are recorded as an asset on the Balance Sheet reflecting the Council's proportionate share.

EXPECTED CREDIT LOSS

The utilisation of historic, current and forward-looking information to assess the expected impairment of a financial instrument that are possible with 12 months of the reporting date or lifetime of the financial instrument.

EXTERNAL AUDIT

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

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as the measurement date.

FEES AND CHARGES

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

FINANCE LEASE

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

FINANCIAL INSTRUMENT

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

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

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

FINANCIAL REPORTING STANDARDS (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

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

FIXED ASSET

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

GENERAL FUND

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

GROSS EXPENDITURE

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

HERITAGE ASSETS

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

HISTORICAL COST

Original cost less cumulative depreciation.

IMPAIRMENT

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

INFRASTRUCTURE ASSETS

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

INTANGIBLE ASSETS

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

INTERNAL AUDIT

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

INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

The committee interpret IFRS Standards to ensure consistent accounting practices throughout the world.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for Local Government entities.

INVESTMENTS

Deposits with approved institutions.

LONG TERM DEBTORS

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

MAIN ACCOUNT STATEMENTS

- Comprehensive Income and Expenditure Statement (CIES)

A financial statement which records the day to day activity of the Council

- Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council

- The Balance Sheet

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

- Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Council during the reporting period

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

NATIONAL NON-DOMESTIC RATE (NNDR)/BUSINESS RATES

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

NET EXPENDITURE

Gross expenditure less gross income.

NET WORTH

Value of all assets less the total of all liabilities.

NON-OPERATIONAL ASSET

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

OPERATIONAL ASSET

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

OPERATING LEASE

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

OPERATIONAL BOUNDARY

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

PENSION FUND

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

PRECEPT

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

PRECEPTING AUTHORITIES

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

PROVISIONS

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

PRUDENTIAL BORROWING

Councils are allowed to borrow for any purpose relevant to its functions or for the prudent management of its financial affairs. Borrowing must be affordable and sustainable and can be from internal resources or external providers.

RELATED PARTIES

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

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

Examples of related parties of a Council include:

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

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

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

REPORTING STANDARDS

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

REVALUATION RESERVE

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)

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

SEGMENTAL

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

SOFT LOANS

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

STATEMENT OF ACCOUNTS

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

STATEMENT OF RECOMMENDED PRACTICE (CODE)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST

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

TRADING OPERATIONS

Services provided to users on a basis such as quoted price or schedule of rates and within a competitive environment.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

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

UNUSABLE RESERVES

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

ANNUAL GOVERNANCE STATEMENT 2018/19

SCOPE OF RESPONSIBILITY

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

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

During 2018/19, West Lindsey District Council has worked to its code of corporate governance. This was revised during 2016/17 to ensure consistency with the principles set out in guidance provided by CIPFA/SOLACE in 2016 within their Delivering Good Governance in Local Government Framework. The purpose of the Framework is to assist local government to take responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. A copy of the authority's framework is on the Council's website contained within the Codes and Protocols section of The Constitution.

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

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The governance framework has been in place at West Lindsey District Council for the year ended 31st March 2019 and up to the date of approval of the statement of accounts at a meeting of the Governance and Audit Committee on 23rd July 2019.

THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

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

During 2018/19 the Council produced its new Corporate Plan covering the period 2019-2023. It sets out the Council's vision for the District and details the key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium Term Financial Plan (MTFP) and Executive Business Plan, ensuring that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council. Progress against the priorities detailed within the Corporate Plan is reported annually as is the on-going relevance of the Plan which takes into account feedback from surveys conducted with the citizens of West Lindsey.

The Constitution of West Lindsey District Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.

The Constitution is reviewed annually to ensure it continues to be fit for purpose.

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

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

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

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

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

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

SIGNIFICANT GOVERNANCE ISSUES

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

This work has been recognised by the Head of Internal Audit. Taking account of the activity and changes within the Council during 2018/19 and the audit and consultancy work the audit team have undertaken, she has concluded that the Council's internal control environment (comprising of governance; risk; internal control and financial control) is performing well. Some improvements have been identified and attention should be paid to manage medium risks across the Council.

The capacity and capability of the Council to deliver its objectives is regularly reviewed. This ensures that staffing requirements are appropriate to support both operational and programme delivery. Where appropriate, expert subject matter advice has been externally sourced to provide expertise and objective thinking in support of a number of the Council's key projects.

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

The Council continues to work closely with a combination of colleagues from Lincolnshire Procurement and Lincolnshire Legal Shared Services to ensure that governance arrangements supporting the Council's growth and commercial agendas are robust. Where appropriate, additional relevant external professional advice is sought to review particular proposals and help steer decision making. Additionally, to expedite efficient decision making, arrangements are in place to hold concurrent policy and resourcing committee meetings, to secure policy/project and resourcing approvals within the same session.

Training for staff and Members has also taken place during 2018/19, as have workshop sessions and regular feedback to Members and the Management Team on governance related matters and a number of other subject areas.

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

During 2018/19 West Lindsey District Council has also regularly reviewed progress against the significant issues identified in the previous year's AGS (2017/18). Six-monthly update reports have been presented to the Council's Management Team and the Governance and Audit Committee. Issues that have been sufficiently progressed and so are now removed from the AGS (2017/18) action plan are:

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

SIGNIFICANT CURRENT ISSUES TO BE A FOCUS IN 2019/20.

During 2019/20, the Council will pay attention to a number of issues as described below and will continue to stress the message across the organisation that governance is a core component of corporate activity. Hence all officers are required to play a part in ensuring that our processes and systems are robust and adhered to. On-going 'testing' of our processes will be undertaken and we will continue to work in a collaborative manner with colleagues from both Internal and External Audit.

Those issues that have been identified as requiring particular attention during 2019/20 are reproduced below. These were identified by Management Team; via reference to Internal Audit opinion and through the work undertaken to complete the Council's Combined Assurance Report for 2018/19. Progress will be made in 2019/20; monitored by the Management Team and the Governance and Audit Committee.

The significant issues identified are:

1. Risk Management – Assess the Council's overall 'risk appetite' and subsequently undertake a review of Strategic Risks and develop a means of ensuring that project related risks are consistently recorded and managed
2. Peer Review - Prepare for and hold a Peer Review to set improvement targets and seek third party accreditation against a nationally recognised framework
3. Governance Review - Work on the findings of the recent Governance Review, undertaken by Internal Audit, to ensure the Council's culture and values are consistently understood and exhibited
4. Member Induction & Training - Induct new and returning Councillors and implement the Member Development Training Plan

We propose over the coming year to take steps to address the above matters via an action plan to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. There have been no significant events or developments relating to the governance system between the year-end and the date on which the Statement of Accounts were signed by the responsible financial officer.

Signed 

Date 11 July 2019

Councillor Giles McNeill, Leader of the Council on behalf of West Lindsey District Council

Signed 

Date 11 July 2019

Ian Knowles, Head of Paid Service on behalf of West Lindsey District Council

APPENDIX 1 - THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

1. The Council's Vision

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

This section incorporates information relating to:

- identifying and communicating the Council's vision
- reviewing the Council's vision and its implications for the Council's governance arrangements
- translating the vision into objectives for the Council and its partnerships

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

Priorities are tested further through public consultation with both the Citizen's Panel (an established representative group of approximately 1600 local residents) and residents more generally. This is supplemented by engagement with a range of businesses and third sector organisations and Member workshops, which build on the identified community priorities.

During 2018/19 the Council developed a new Corporate Plan to cover the period 2019-2023. This timeframe complements the period of the new administration following elections in May 2019. The overall vision for the Council is:

"West Lindsey is a great place to be where people, businesses and communities can thrive and reach their potential."

The Plan, which was approved by Council in March 2019, contains the following strategic priorities within the themes of Our People, Our Place, Our Council:

OUR PEOPLE

Priorities

Health & Wellbeing Vulnerable Groups & Communities Education & Skills

OUR PLACE

Priorities

Economy Housing Growth Public Safety & Environment

OUR COUNCIL

Priorities

Finances Customer Staff & Members

The Corporate Plan is explicitly linked to the Medium Term Financial Plan through to 2023 and the Council's annual Executive Business Plan.

The Council publishes its Corporate Plan on its website in accordance with requirements for transparency and making information available for local people. Reviews of progress against its objectives will be carried out annually and presented at Full Council to Members for review and endorsement. An annual summary publication detailing progress will also be produced and shared with stakeholders and published on the Council's website.

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

The Council continues to operate in a challenging financial environment. Reductions in local government funding continue, with increasing uncertainty as the Government's Fairer Funding Review and 75% Business Rates Retention Scheme, both due for 2020/21, are likely to have further financial impacts.

However these challenges are not new to the Council, and over the past 10 years it has undertaken reviews of its structures and service delivery and has implemented initiatives with income generating potential to achieve substantial savings ensuring we present a balanced budget each year.

The Council has managed funding reductions of circa £4.0m since 2013/14 through delivery of its Financial Strategies with the purpose of achieving financial sustainability through our own resources and taxation. The WLDC Budget Book 2018/19 to 2022/23) contains the Executive Business Plan which details the projects and initiatives we are undertaking to meet Corporate Plan objectives and the Medium Term Financial Plan, reflecting the budgets required to enable us to achieve this.

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

A robust process of monitoring and the taking of responsible actions in managing its budget ensures the Council remains in a good position to achieve, in a considered manner, the additional efficiency/income targets of approximately £600k by 2022/23.

Budget and performance monitoring is reported to Members and the Management Team in the form of regular Budget Monitoring and Progress and Delivery Reports.

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

To ensure that staff possess the necessary financial knowledge and skills and are supported in financial management matters, Finance Business Partners play a key role. By working closely with Team Managers they ensure that budgets are closely monitored and investment/economy initiatives are critically appraised. Regular financial training and awareness sessions for staff are also provided.

2. Measuring the Quality of Services

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

Performance Management and Value for Money

During 2018/19, the Council has monitored the effectiveness of the Progress and Delivery report in monitoring and reporting on performance. Quarterly reports are provided for both policy committees with the Challenge and Improvement Committee retaining oversight. A sub-group of this Committee has met once again to discuss the need for a refresh of measures for 2019/20 to ensure that progress against the achievement of corporate priorities can be tracked. We are keen to stress the message that any measures adopted should be able to help the Council learn and improve. The Executive Director of Operations is responsible for performance management and provides:

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

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

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

Commissioning Partnerships

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

The Council's ambitious growth plans for the District are beginning to crystallise with the formation of a key strategic outcome focused partnership (in the form of a joint venture) established to achieve regeneration in the retail sector in Gainsborough. Additional work has secured a further development partner to focus on delivering comprehensive regeneration of Gainsborough town centre. Both arrangements conspire to ensure that the Council can deliver the Central Lincolnshire Local Plan housing growth target. Further, the Council continues to be engaged in a meaningful manner with partners from the business sector to promote West Lindsey in general and Gainsborough specifically. These partnerships are key to jointly addressing issues such as skills and ultimately promote the District as a place to invest in and grow.

Further examples of partnership working are provided by the work the Council has conducted with the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and the Homes and Communities Agency (HCA). As the Council moves its growth plans into delivery, this has attracted significant support and funding from these bodies, providing revenue funds to continue the intensive planning and development work to support land assembly and provide significant capital for site acquisition, infra-structure and in effect, provide gap funding to bridge viability gaps.

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

Value for Money

The subject of value for money formed part of the 2017/18 Action Plan, hence emphasis has been placed on this matter during the last year. Specific reference has been made to our approach to achieving value for money in both the Council's Corporate Plan and also the MTFP. Additionally, our approach received a positive outcome when audited by External Audit.

One of the main objectives of the Council is to deliver excellent, value for money services. To assist in achieving this goal, the Council has produced a Value for Money Strategy and action plan. This was approved by the Corporate Policy & Resources Committee in February 2019 and has been shared with External Audit. Work progresses against the action plan, with update reports provided for Management Team. To support our work in this regard the Council subscribes to a database of metrics which provide the ability to benchmark service related costs and performance, triangulated where possible with outcomes. We continue to use this resource to best effect and produce value for money assessments across a range of services. These assessments provide services with the basis for achieving greater value for money via improvement plans.

Procurement & Contract Management

Effective procurement and contract management is key to ensuring that value for money is achieved. Our procurement processes were audited during 2017/18 and received a substantial assurance rating. The Council's Contract and Procedure Rules and ACoP are regularly reviewed to ensure they keep in line with changes in legislation. Working closely with Procurement Lincs, the Council has worked with service areas to ensure best value is achieved from procurement and contract renewal exercises. Over the last 18 months, savings of approximately £100k have been achieved on like-for-like contract renewals.

Service Reviews

Reviews of service provision, structural arrangements and performance are key components in assessing the value for money of service delivery. During 2018/19 reviews of a number of service areas were conducted to determine and secure the required capacity to achieve objectives and desired outcomes.

Customer Feedback

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

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

3. Roles, Responsibilities and Delegations

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

The Council has an overview and scrutiny function in the form of the Challenge & Improvement Committee (due to be renamed Overview & Scrutiny Committee pending approval at Full Council in May 2019) and there is a clear split between policy and scrutiny. Overview and scrutiny contributes to the decision making process.

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

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

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

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

There are protocols for effective communication which include:

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

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

4. Standards of Behaviour

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

It is vital that there is a constructive working relationship between elected Members and Officers and that the respective roles are carried out to a high standard. The Council's leadership is responsible for setting the tone for the organisation and it is tasked with creating a climate of openness, support and respect. To support the Council's new Corporate Plan, work was undertaken in 2018/19 to review the values which both Officers and Member are expected to uphold. The values (set out below) provide the ethical base to drive our business and deliver our vision.

- a) To put the customer at the centre of everything we do
- b) To act as One Council
- c) To be business smart, act on evidence and take advantage of opportunities, thinking creatively and getting things done
- d) To communicate effectively with all stakeholders
- e) To have integrity in everything we do

Lead Member positions also have clear role descriptions set out within The Constitution and these make reference to the behaviours expected when undertaking their duties.

Internal Audit conducted a review of the culture and values of the Council during 2018/19. It was designed to ascertain the extent to which the Council has a culture that places the public and integrity at the heart of its business. Participants were drawn from both officers and Members. The findings reported that a good culture and ethical framework is working for the Council and its key partners and provided a number of recommendations to help sustain a culture of integrity and to enhance and embed good governance across the Council.

Standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols. These are reviewed on a regular basis and when circumstances dictate. For

instance during 2017/18, the subject of Member/Officer working protocols was re-visited, with workshops between both parties taking place. These sessions helped to revisit and update the Operational Conventions Protocol within the Council's Constitution. Additionally, officers received training on working in a political environment. This included:

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

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

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

The Monitoring Officer reported to the Committee in 2018/19 on the number and types of complaints received in the previous 12 months.

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

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

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

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

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

Rules and procedures are set out in The Constitution including Members' Code of Conduct, Operation of the Standards Sub-Committee, Procedure Rules for Committees, Financial and Contract and Procurement Procedure Rules (updated during 2018/19) and Scheme of Delegation.

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

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

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

5. The Decision Making Framework

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

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

A Scrutiny Committee (Challenge & Improvement) is in place and has clear terms of reference. Their operation is covered in The Constitution which allows them to exercise their powers to 'Call In' decisions made by the policy committees and if necessary ask them to reconsider their earlier decisions. During 2017/18, Members received training on the Effectiveness of Scrutiny and undertook an exercise in self-evaluation. During 2018/19, a review of the on-going requirement for this Committee was undertaken, with progress monitored via the 2017/18 AGS action plan. The review recommended that the name of the Committee be changed to Overview & Scrutiny, its meeting dates should be more flexible so as to ensure a more effective work plan and there ought to be a change in the criteria for membership of the Committee. In January 2019 the Governance & Audit Committee approved the recommendations and the Constitution has been updated to reflect the changes.

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

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

In conducting audits into the Council's Growth Programme and the procurement of a new leisure contract, Internal Audit have reviewed the quality and robustness of decision making. Both audits reported substantial assurance findings, highlighting that projects are presented to Members at key junctions when decisions are required and that supporting papers and business cases contain all relevant information and analysis. This provides evidence that the Council's decision making framework is operating effectively.

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

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

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

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

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

The step change we are making on the growth and commercial agendas (specifically the Commercial Investment portfolio) requires pace, ability to take a commercial view and responsive governance. Work has progressed during 2018/19 to ensure these notions are addressed. The joint sessions of the Prosperous Communities and Corporate Policy & Resources Committees represent progress in this regard. Culturally, much progress has been made with staff and Members to ensure that the key foci in discussions remain on programme direction and the commercial imperatives and opportunities.

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

6. Risk Management

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

The Council has in place a Risk Management Strategy which covers the period 2016-2018. It is due to be revised during 2019/20. There is also an accompanying risk management ACoP, which supports the strategy to outline operational procedures and roles and responsibilities.

The most recent Internal Audit review of the Council's risk management arrangements provided a substantial assurance finding. Service risk management is a standing item of the Service Leadership Team (SLT) meeting agenda whereby any issues can be raised and service areas undertake on-going assessment of service related risks. They are supported in doing this by governance colleagues. A number of workshops with staff and Management Team have been held during the year to discuss risk and the Council has attended Lincolnshire Risk Management Group meetings.

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

Following the production of the Council's new Corporate Plan, work is underway to ensure that the risks to the achievement of its strategic objectives are identified and understood. These will form the Council's strategic risks and ensure that the Council reflects guidance provided by the Association of Local Authority Risk Managers (ALARM). Strategic risks are owned and reviewed regularly by Management Team and are presented for scrutiny by the Governance and Audit Committee on a six-monthly basis. This Committee has a responsibility as part of their terms of reference for approving the Risk Strategy and maintain an overview of risks. The committee has also appointed a Member Risk Champion who has clear terms of reference.

7. Counter-Fraud and Anti-Corruption

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

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

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

The policy applies to:

- All West Lindsey District Council Employees.
- Councillors and Independent Members

- Staff and members of Council funded voluntary organisations
- Partners
- Suppliers, contractors and consultants
- Residents

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

The Governance and Audit Committee receive a yearly report on anti-fraud and corruption arrangements and the action that has been taken to investigate and prosecute cases. No instances were reported during 2018/19.

To monitor and manage the risk of fraud, the Council is a member of the Lincolnshire Fraud Partnership. The Council also takes part in the Housing Benefit Matching Service (HBMS) work and the National Fraud Initiative (NFI); a bi-annual exercise that matches electronic data within and between public sector bodies to prevent and detect fraud.

8. Management of Change

Objective: Ensuring effective management of change and transformation

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

To support change, the Council works to an agreed project management methodology. Assistance for staff and adherence to the methodology is overseen by a Senior Programme Officer. Processes are working well as exemplified by two audits during 2018/19 which focused on key projects involving change and transformation; Leisure Contract Procurement and the Council's Growth Programme (whereby three projects were critically evaluated).

Boards are assigned a Programme Sponsor responsible for delivery. In this regard their remit is to direct and provide support to project managers and also ensure a high quality of project development and adherence to the Council's project management methodology. Effective communication is regarded as crucial to delivering change. Strong links have been forged between the relevant Boards and the Communications Team to ensure developments are relayed across the Council and further afield.

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

9. Role of the Chief Financial Officer

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

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

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

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

10. Role of the Head of Internal Audit

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

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

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments
2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

To perform this role the Head of Internal Audit:

3. Must be a senior manager with regular and open engagement across the organisation, particularly with the Management Team and with the Audit Committee
4. Must lead and direct an internal audit service that is resourced to be fit for purpose; and
5. Must be professionally qualified and suitably experienced

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

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

The Constitution identifies that the Chief Finance Officer is responsible for providing an efficient and effective Internal Audit service, which will comply with relevant legislation and best auditing practice. The Council reports annually on the effectiveness of the service it receives from Internal Audit.

11. Role of the Monitoring Officer

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

The Constitution covers the key statutory role and functions of the Monitoring Officer. It also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to undertake the role. The Monitoring Officer has confirmed that this is the case and he continues to review this. Appropriate training is delivered where needs are identified and the Officer has attended a number of training courses during 2018/19.

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

12. Role of the Head of Paid Service

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

The statutory provisions are included in The Constitution. The authority does not have a Chief Executive following a senior management review and restructure. During 2018/19, the role of Head of Paid service was undertaken by the Executive Director of Operations.

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

13. The Audit Committee

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

The Council maintains and operates a Governance & Audit Committee which is independent of the Policy Committees and the scrutiny function. Membership includes up to three Independent Members. During 2018/19 one Independent Member was re-appointed following the end of their previous term of office. The Committee receives training and has a defined work plan. Substitutes are not permitted unless the substitute has undertaken specific audit committee training.

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

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

14. Compliance with Laws and Regulations

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

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

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

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

The subject of 'Compliance' is detailed within the Council's strategic risk register. This demonstrates the importance the Council places on the requirement to comply with and/or correctly implement relevant statutory legislation.

To ensure legal advice is available to the Council, it is part of the Legal Services Lincolnshire Partnership. They hold a central library of all relevant legislation and are consulted when required. In certain cases, expert or specialised legal advice is also obtained from other sources. Departments take responsibility for receiving and operating to new legislative responsibilities as they arise, with service and business planning providing opportunities to consider the implications and plan for legislative change.

Legislation and Statutory Instruments are dealt with and assessed as they are received (from a range of sources including national email alert systems). Changes in legislation have been implemented successfully with no major issues arising.

The communication of local policies and procedures is embedded in a number of different ways such as SLT meetings and workshops, team briefings and local training. Officers ensure that they are aware of and comply with laws and regulations which are relevant to their roles. During 2018/19 refresher training on the

Regulation of Investigatory Powers Act (RIPA) was again provided for relevant staff.

The Council pays close attention to requirements relating to Information Governance and close working arrangements are in place with neighbouring authorities. Training packages have been provided for staff during the year via the Council's on-line training platform. The requirement to be compliant with the General Data Protection Regulations (GDPR) by May 2018, was a key focus during the year. A work plan is in place to 'test' on-going compliance and assess the robustness of the Council's arrangements. Best practice has been followed with the nomination of officers to the roles of Senior Information Risk Officer (SIRO) and Senior Information Governance Officer (SIGO) and Data Protection Officer (DPO). The Corporate Information Governance Group meets regularly to review information governance related matters and developments.

The Governance and Audit Committee receive reports by Internal Audit which include review of compliance with legislation. This provides the Committee with an overview of compliance with policy and procedures and it can request attendance of managers to provide further assurance.

15. Whistleblowing Arrangements

Objective: Arrangements for whistle blowing and for receiving and investigating complaints from the public

The Council has in place a whistle blowing policy which is available for reference via the Council's web site and internal intranet and its existence and content is regularly communicated to staff. The Council also works in partnership with Lincolnshire County Council and fellow Lincolnshire authorities to develop and produce a County-wide 'Fighting Fraud' leaflet which is distributed to staff. Annual reports are presented to the Governance & Audit Committee on whistleblowing and more general customer feedback.

The Council also has in place a customer complaints, compliments and comments procedure. The procedure is available for view on the intranet and web site. When complaints are received an internal independent officer (Customer Experience Officer) is appointed to investigate and in certain circumstances an external appointment may be made. One of the key aspects of the policy is our desire to learn from complaints to rectify matters if required. Where appropriate, complaints that have been referred to the Ombudsman are brought to the attention of Management Team

16. Member and Officer Development

Objective: Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

A Member Development Plan is in place, having been renewed in preparation for 2019 elections and subsequent induction processes. This will oversee the training and development requirements of the next administration. The contents of the plan are compiled from a number of sources:

- Requirements from The Constitution
- Areas for development recommended for each committee
- Feedback from Members
- Areas of interest
- Changes to the local government environment including legislation

Member training is also recorded to keep track of the training delivered, details of Member attendance and feedback on the quality and usefulness of the training. During the year, Members have received training on such matters as Treasury Management Strategy Scrutiny; Statement of Accounts Scrutiny; Code of Conduct, Data Protection, Licensing and Development Management related topics.

Staff surveys are undertaken on an annual basis and the content is used to develop appropriate training and to address any issues identified. Recent results of the staff survey were positive and reported improvements in all areas including, communication, motivation and general job satisfaction. It was also pleasing to report that absence due to sickness was at an all-time low. The Council is working to a recently refreshed and approved Workforce Development Plan and also has a Staff Engagement Group, drawn from staff across the Council. A Joint Staff Consultative Committee (JSCC) is in place consisting of staff members and Councillors and part of its remit is to review and approve staff related policies.

To improve the ability of managers with line management responsibility to fulfil their roles more effectively, the HR team hold a series of drop-in workshops where staff can raise issues and seek advice and guidance.

The Corporate Plan is communicated to staff and forms the golden thread for staff appraisals and work objectives for the forthcoming year and associated training/development needs. During 2018/19 much of the Council's training was delivered via an on-line learning and development tool. Steps are in place to look at the suitability of using on- line learning platforms for Members' training courses.

17. Community and Stakeholder Engagement

Objective: Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council meets its statutory responsibilities with regard to engagement on budget setting by holding events with residents, parishes and businesses. The Council uses a variety of channels to communicate with the community and stakeholders; for example:

- West Lindsey Citizen Panel through surveys and focus groups
- West Lindsey District Council website
- Focus groups with residents and local businesses
- E-surveys
- Local press
- Summits
- Social media

The Council uses social media as a communication tool and updates the website on a regular basis with relevant content. Use of social media as a communication tool has rapidly increased. Presently the Council has over 8,000 social media followers.

The Council consults on key service changes and issues that may affect residents of the District. Topics consulted on during 2018/19 included:

- Budget Consultation 2018/19
- Local Council Tax Support Scheme 2019
- Public Realm
- Communication with the Council
- Social Media Use
- Trinity Arts Centre
- Waste and Recycling Satisfaction
- Market Rasen Car Parking

During the year surveys with service users were held (whether they are internal or external to the Council) to ascertain the levels of satisfaction with services. Results are used to develop services to ensure they are delivering the level of service expected by users.

The Council continues to actively support the Community Right to Bid initiative. During the year a number of applications from community groups have been received and considered with decisions fed back.

18. Partnership Governance

Objective: Enhancing the accountability for service delivery and effectiveness of other public service providers incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

To enhance the accountability for service delivery and effectiveness of other public service providers, the Challenge and Improvement Committee have continued with their programme of holding meetings with strategic partners to discuss their approach to addressing the strategic needs of the residents of the District. During 2018/19 the Committee concluded its work on the health commission and also heard from organisations involved in the delivery of the Ambulance service and the provision of housing and related support for young adults. Lincolnshire Police also provided the Committee with bi-annual reports on crime, disorder and safety in West Lindsey.

Strategic partnership working is recognised by the Council as being integral to the achievement of its ambitions. Key partnerships have been formed in the areas of skills, economic development and regeneration to deliver growth and support business across the District. Partnership working is also evident in the form of the Joint Planning Unit (created to devise and oversee delivery of the Central Lincolnshire Local Plan) and the Council's participation in local enterprise partnerships.

The Council's Management Team sponsored a review of all current partnership arrangements in place across the Council to ensure on-going relevance and effectiveness. In conducting this work, reference was made to the Audit Commission's 'Governing Partnerships' Report. The work involved the identification of the Council's key partnerships; their effectiveness and on-going relevance and put in place measures for the provision of regular reporting by the respective officer lead on the achievements, issues and future intentions of the relevant partnership. This assists in gauging whether any partnership is providing value for money. A summary report was presented to the Corporate Policy and Resources Committee which endorsed the approach taken by the Council. To provide guidance for staff a Partnership ACoP is in place. The Council's Partnership Register has been cleansed and populated with up to date information.

Our current Contract Procedure Rules cover contract monitoring procedures and management of delivery. The accountability of service providers is managed through contract management and work has been undertaken to ensure The Council has robust contract management procedures in place.

If you would like a copy of this leaflet in large print, audio, Braille or in another language: Please telephone 01427 676676

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Your contact for this matter is:

Mark Surrige
Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Tracey Bircumshaw
Tel: 01427 676560

23 July 2019

Dear Mark

West Lindsey District Council – audit for year ended 31 March 2019

This representation letter is provided in connection with your audit of the financial statements of West Lindsey District Council (“the Authority”) for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Executive Director of Resources / s151 officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Executive Director of Resources / s151 Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law. I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

This letter was tabled and agreed at the meeting of the Governance and Audit Committee on 23 July 2019.

Yours faithfully,

Cllr John McNeill
Chair of the Governance and Audit Committee

Ian Knowles
Chief Finance Officer

Appendix to the Authority Representation Letter of West Lindsey District Council: Definitions

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'. [Error! Reference source not found.](#)

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).

- vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control, joint control or significant influence over the reporting entity;
and
- b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Agenda Item 6d



**Governance and Audit
Committee**

23 July 2019

Subject: Annual Voice of the Customer Report 2018/19

Report by:

Mark Sturgess, Executive Director of Operations

Contact Officer:

Natalie Kostiuk
Customer Experience Officer
01427 676685
natalie.kostiuk@west-lindsey.gov.uk

Purpose / Summary:

To summarise customer feedback from the year 2018/19 and analyse customer contact data to give a clear view of the voice of the customer.

RECOMMENDATION(S):

- **That Members note the content of this Voice of the Customer report.**
- **That Members seek assurance that the processes and procedures used to gain insight into Customer Experience are robust and adequate.**

IMPLICATIONS

Legal:

None arising directly from this report.

Financial : FIN/28/20/TJB

None arising directly from this report.

Staffing :

None arising directly from this report.

Equality and Diversity including Human Rights :

By understanding, in more detail about, how customers interact with the Council means we will be able to address issues that are preventing them from access services in an equal manner.

Data Protection Implications :

None arising directly from this report.

Climate Related Risks and Opportunities:

None arising directly from this report.

Section 17 Crime and Disorder Considerations:

None arising directly from this report.

Health Implications:

None arising directly from this report.

Title and Location of any Background Papers used in the preparation of this report :

Customer Experience Policy 2018/19 – located on the WLDC website.

2018/19 Quarterly Voice of the Customer Reports (circulated to Councillors via the Members Newsletter). Also available on the WLDC website here: <https://www.west-lindsey.gov.uk/my-council/have-your-say/comments-compliments-and-complaints/>

Risk Assessment :

N/A

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

X

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1.0 Introduction

What is the Voice of the Customer?

- 1.1 The Voice of the Customer Report (formally known as the annual feedback report) not only looks at customer feedback but also takes into account a wider scope of customer views, expectations and opinions which are collected from a number of customer contact channels. These points include the data collected from day-to-day interactions as well as the compliments, comments and complaints received (customer feedback) and customer satisfaction survey responses. The focus is to turn these insights into actionable solutions to drive improvements and deliver a better service for our customers.

2.0 Customer Feedback

New Complaints Policy and Customer Feedback System

- 2.1 A new process for dealing with customer feedback was implemented in January 2018. Previously complaints were investigated at three different stages. Under the new Customer Experience Policy 2018/19 complaints process they are investigated by one independent officer, the Customer Experience Officer. This is easier for customers and staff to understand.
- 2.2 This is the first Voice of the Customer Report to include a full year's worth of data under the new process.
- 2.3 Since January 2018 all customer feedback has been logged on one central system allowing for easier and more specific reporting to take place.
- 2.4 The new system allows customer feedback to be recorded and categorised. All customer feedback is now logged by specific service and can be reported on by subject and issue. This makes it easier to identify trends and potential improvement actions.
- 2.5 Customer Satisfaction Surveys have been sent on a weekly basis to our customers who have either requested or received a service from us the previous week.
- 2.6 An improvement actions log has been created to feed back to the relevant teams the suggestions and required actions to be taken following analysis. Team Managers then report back to advise of the outcomes and improvements they have achieved once the actions have been implemented. This log also identifies wider areas for improvement which can potentially be built into projects that affect the Council as a whole.

Compliments

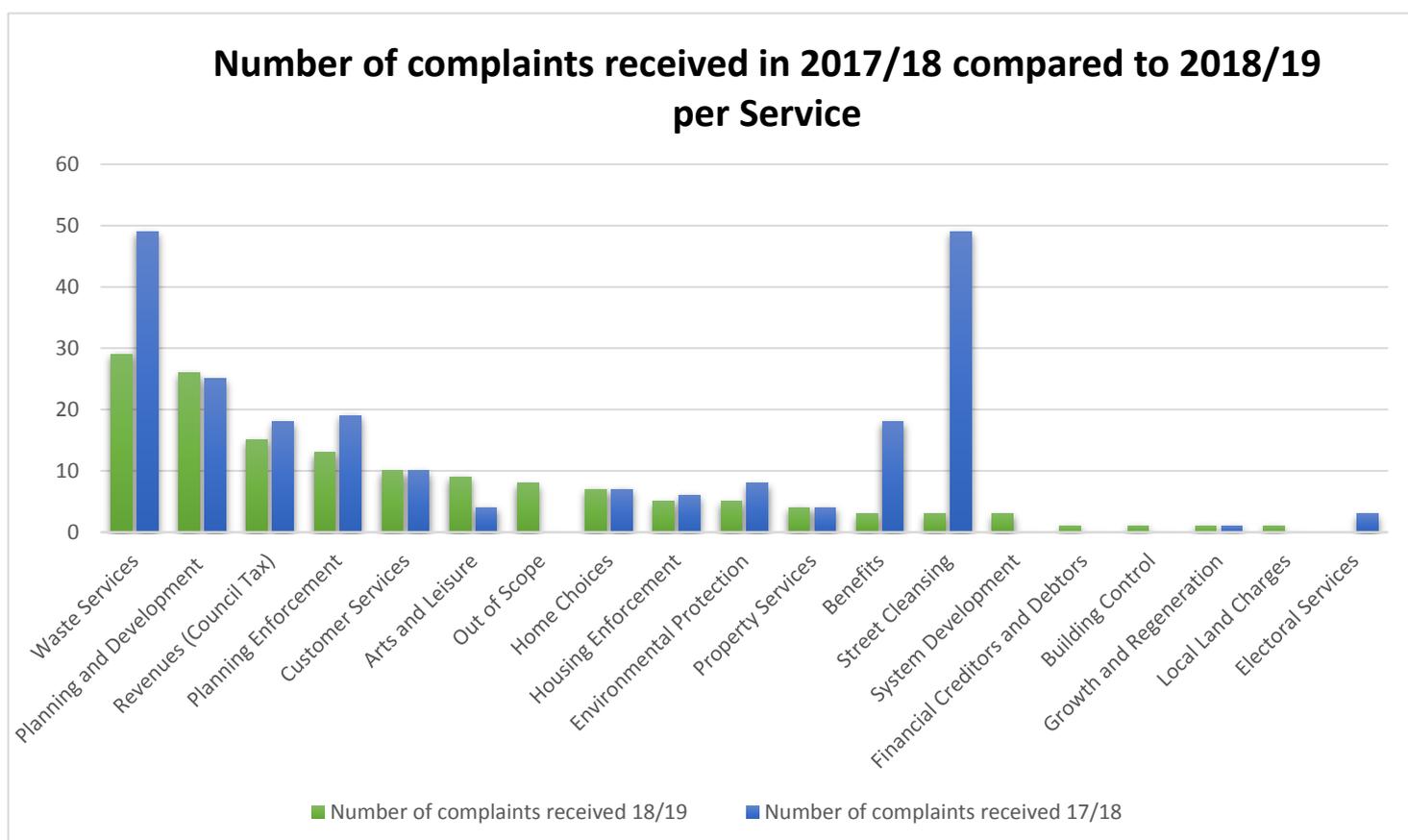
- 2.7 Compliments received allow us to identify what is working well and which aspects of our services our customers appreciate the most. These compliments are used to embed good practice across all Council services. Compliments received also encourage our officers to be the best they can be.
- 2.8 The Council received a total of 505 compliments between April 2018 and March 2019, this is an increase compared to the previous year where 402 compliments were received. More compliments have been recorded due to the proactive work undertaken by the Customer Experience Officer to promote to all staff the importance of capturing and recording customer feedback. The table in Appendix A illustrates how many compliments were received by each individual service.
- 2.9 Compliments received are generally regarding the speed, quality and the efficiency of the service received or regarding officer professionalism including politeness, patience, knowledge and willingness to help.
- 2.10 Further information on the compliments received throughout the year can be found in the previously published Quarterly Voice of the Customer Reports for 2018/19.

Comments

- 2.11 Comments are important feedback, whilst they may not be praising our services or making a complaint they provide useful insight and suggestions that may help to improve the services and experiences we provide.
- 2.12 The Council received a total of 139 comments between April 2018 and March 2019, this is an increase compared to the previous year where only 79 comments were received. Since the implementation of the new process which incorporates comments now being recorded and responded to an increase has been seen. The table in **Appendix B** illustrates how many comments were received by each individual service.
- 2.13 The nature of comments received can vary, this year has seen a rise in comments relating to the Green Garden Waste Service and for Systems Development relating to the quality of the Council website and planning portal. Several comments have also been received regarding town centre development and car parking issues. A lot of comments are received in relation to Council policies and processes.
- 2.14 Further information on the comments received throughout the year can be found in the previously published Quarterly Voice of the Customer Reports for 2018/19.

Complaints

- 2.15 Whilst complaints are negative feedback, the Council still encourages customers to make them as this feedback could help to improve our services and customer experience in the future.
- 2.16 A total of 146 complaints have been received between April 2018 and March 2019. This is a slight decrease compared to the previous year where 168 complaints had been received. The table in **Appendix C** illustrates how many complaints were received by each individual service in 2018/19 compared to 2017/18. The number of complaints has decreased, however it should be noted that under the previous process, where several complaint stages were included some complaints would have been counted twice or three times.
- 2.17 It should be noted that in previous years [Waste Services and Street Cleansing] as well as [Revenues (Council Tax) and Benefits] were grouped together in terms of customer feedback category data. The new system has allowed these to be separated into individual services for more accurate reporting.
- 2.18 The graph below illustrates the number of complaints received per service between April 2018 and March 2019 compared to 2017/18;



- 2.19 Waste Services have historically always received the highest amount of complaints, this is relative to the volume of service requests they receive as this service has contact with the largest number of households and customers in the District. It is pleasing to note that Waste Services also receive a lot of positive feedback in the form of

compliments recorded.

- 2.20 The topic of or reason for the complaints received is now recorded and reported on. In order of frequency (highest to lowest) the topics/reasons for complaints are as follows: Quality of Service, Decision Made, Staff Behaviour and Lack of Contact or Communication, Process and Repeated Missed Bin Collections. The table in **Appendix C** illustrates how many complaints were received overall categorised by topic/reason.
- 2.21 Under the new process the response time for complaints is 21 days. The amount of time taken to respond to complaints from April 2018 to March 2019 has increased but is still well below the target 21 days. The average time to respond to complaints in 2018/19 was 7.3 days compared to 5.8 days the previous year. It should be highlighted that previous year data includes complaints under the old process where various team managers would investigate complaints at different stages, under the new process there is only one officer, independent of the service that deals with all complaints.
- 2.22 It has been identified that complaints received are becoming more and more complex requiring in-depth information gathering and investigations. This factor has also had an impact on the length of time taken to respond to complaints. Several complaints received recently have required legal advice and some have involved vulnerable customers which required more attention and a more sensitive approach to dealing with matters raised.
- 2.23 Of the 146 complaints received, 52 (35%) were upheld with the Council being found at fault by the independent officer following investigation. This is a decrease compared to the previous year where 84 (50%) of the complaints received were upheld.
- 2.24 The full breakdown of the number of complaints upheld per service can be found in the table in **Appendix D**.
- 2.25 Further and more detailed information on the complaints received and the complaints that have been upheld throughout the year can be found in the previously published Quarterly Voice of the Customer Reports for 2018/19. These reports are available on the WLDC website via the following link: <https://www.west-lindsey.gov.uk/my-council/have-your-say/comments-compliments-and-complaints/>

Overall Customer Feedback Statistics

2.26 The table below illustrates the overall reporting data for all customer feedback received compared to the previous year. All of which is detailed within the sections above.

Overall Figures	TOTALS/AVERAGES		Direction of travel
	18/19	17/18	
COMPLAINTS	146	168	↓
COMPLIMENTS	505	402	↑
COMMENTS	139	79	↑
AVG DAYS TO RESPOND	7.3 days	5.8 days	↑
WLDC at Fault	52	84	↓
% WLDC at Fault	35%	50%	↓

Customer Feedback Governance and Reporting

2.27 Customer Feedback is governed by a set of regular reports.

- Monthly Progress and Delivery reports monitor customer feedback levels including feedback received, days to respond to complaints and information on how many complaints are upheld in each period.
- Monthly reports on feedback received are sent to each service.
- Quarterly Customer Feedback reports are produced for the Service Leadership Team including the Management Team and Service Team Managers.

2.28 Regular reports are submitted to the Management Team.

2.29 The Quality Monitoring Board discusses and monitors learning and improvement actions and will undertake regular quality reviews.

2.30 Quarterly Voice of Customer Reports are published to all Team Managers and Officers and via the regular Members newsletter to our Councillors.

2.31 This Annual Voice of the Customer Report is presented to the Management Team and Challenge and Improvement Committee.

2.31 A report on the Annual Local Government Ombudsman letter is presented to the Management Team and Governance and Audit Committee.

Local Government Ombudsman Complaints (LGO)

- 2.32 Between April 2018 and March 2019 a total of 16 enquiries have been made to the Local Government Ombudsman (LGO) this is a slight increase compared to the previous period where 15 enquiries were made.
- 2.33 15 of the enquiries made have now been closed, there is 1 complaint which the LGO are still currently investigating.
- 2.34 When a complaint is referred to the LGO they decide whether or not to investigate further. The table below shows the outcome of the complaints referred compared to the previous year. A report will follow later this year when the Annual LGO letter has been received which will detail the whole 2018/19 period of complaints to the LGO. This report will include benchmarking data to illustrate how we compare to other District Councils in terms of referrals and instances where councils are found to be at fault. This report will be presented to the Governance and Audit Committee in October 2019.

LGO Outcome	2018/19	2017/18
Not investigated	8	4
Not found to be at fault	4	6
Fault identified	3	5
Still under investigation	1	-

- 2.35 The amount of complaints referred to the LGO where they decided not to investigate has doubled this year. These are complaints where the matter is either out of time or where the customer has another formal route of appeal for their complaint.
- 2.36 It is encouraging to note that the amount of complaints referred to the LGO where fault has been identified has decreased slightly.
- 2.37 The table in **Appendix E** illustrates which services the complaints referred to the LGO relate to.
- 2.38 Further and more detailed information on the complaints referred to the LGO throughout the year can be found in the previously published Quarterly Voice of the Customer Reports for 2018/19.
- 2.39 Where fault is identified by the LGO a suitable remedy is recommended which usually includes an apology and on occasions a compensation payment for the time and trouble the customer has had to go to in order to make their complaint and escalate it to the LGO.
- 2.40 When a complaint is referred to the LGO there is no financial cost to the authority, unless the LGO find fault recommends that compensation is awarded.

Insights into Action

- 2.41 Gathering feedback from customers enables the Council to use these insights to shape the way it improves and develops. Customer insights relating to teams are sent to the relevant Team Managers stating the actions required and a deadline implementation date, this is escalated to The Management Team if failing to implement within the set timescale. Over time all suggested improvements are gathered into reports which are prioritised and fed into relevant projects.
- 2.42 When feedback is received and complaints are investigated the outcome is examined in order to identify any learning opportunities that can be gained from the issues raised. During the 2018/19 period many improvement actions have been implemented including changes in processes, procedure reviews, implementation of call recording and the introduction of customer standards. Further and more detailed information on the improvement actions made throughout the year can be found in the previously published Quarterly Voice of the Customer Reports for 2018/19.

Example: Feedback received relating to the guildhall reception area and front desk processes has led to various improvement actions being implemented. Alterations have been made to the layout of the reception and waiting area including more private areas being made available and more suitably blocked off to avoid customers being able to overhear confidential conversations. The reception pod has been moved to make it easier for customers to identify where they need to go and a new processes for providing receipts to customers when documents are handed in has been implemented. A requirement for better awareness of equality issues when dealing with customers was identified so a specific training session was arranged for all customer service staff.

3.0 Customer Satisfaction Measurement

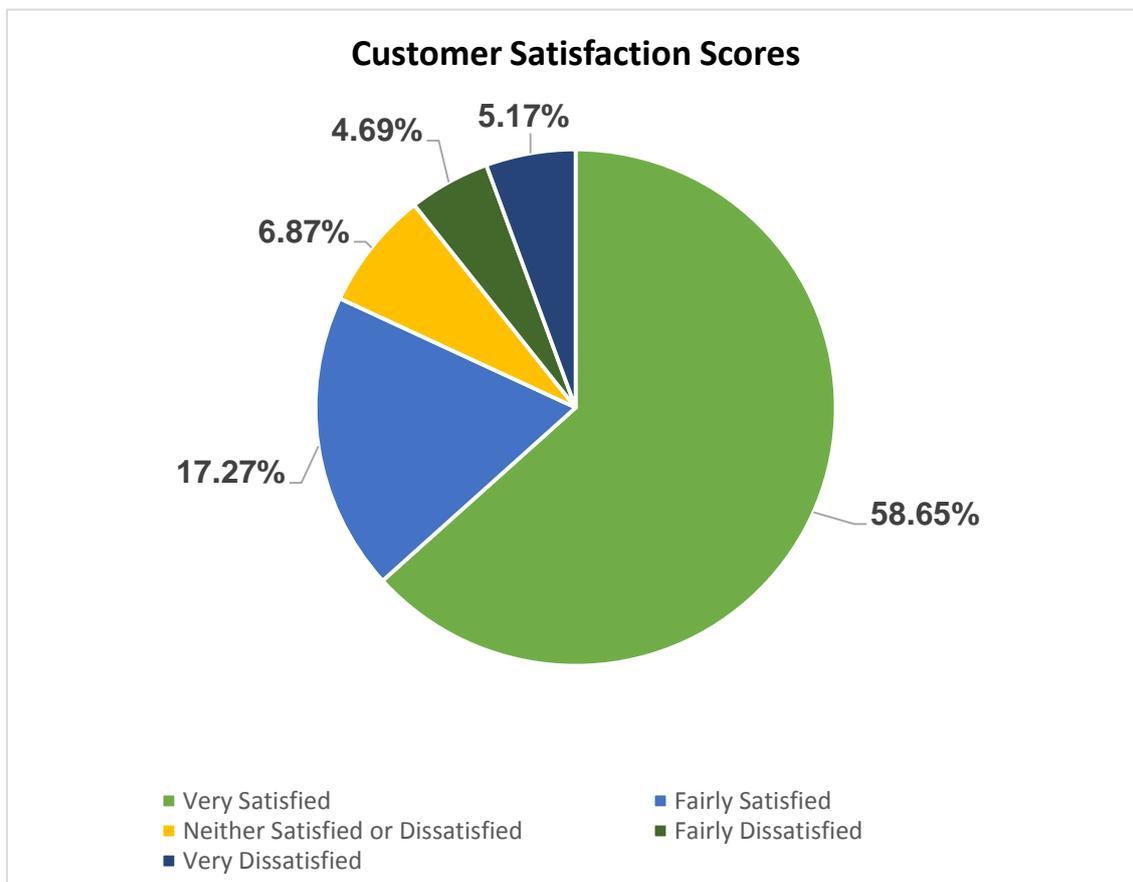
Satisfaction Surveys

- 3.1 The Council has been using an e-survey platform over the last year which enables to sending and analysis of customer satisfaction surveys from one place with real time results.
- 3.2 Surveys are sent to customers on a weekly basis to customers that have contacted the Council or have received a Council service in the previous week.
- 3.3 Currently surveys are only being sent via email but other methods are being investigated including channels such as SMS (to a mobile phone).
- 3.4 The insights gained from surveys are fed into the customer feedback system in order to collate all feedback in one central place. Identifying issues that customers report in survey responses allows the Council to act on and solve those issues before they potentially escalate into a formal complaint.
- 3.5 Not all services customers are sent satisfaction surveys, currently the services that are surveyed are; Anti-Social Behaviour, Environmental Protection, Food Health and Safety, Housing Enforcement, Planning and Development, Planning Enforcement,

Public Protection, Street Cleansing, Waste Services and Street Naming and Numbering. Work is underway to enable surveys across all Council services in the future.

Satisfaction Levels

- 3.6 During the past year a total of 20,931 satisfaction surveys have been sent out and 2941 responses have been received, giving a response rate of 14%. In total 2725 satisfaction scores were completed and the overall satisfaction rating was 75.93%. This is a slight reduction in the satisfaction scores achieved for the previous year where overall satisfaction was 81%. More surveys were completed between April 2018 and March 2019 giving a bigger sample size and a higher response rate, further analysis will be undertaken to try to understand why satisfaction has decreased
- 3.7 Based on the responses and information collected the survey has now been redesigned into a simpler format which has been implemented since April 2019. It is hoped that an increase in response rates will be seen going forward. The new survey format also indicates which service the customer interacted with so going forward each service will receive its own individual customer satisfaction score. The target for customer satisfaction has been set at 75% for 2019/20.
- 3.8 The chart below illustrates the breakdown of all customer satisfaction scores received between April 2018 and March 2019.

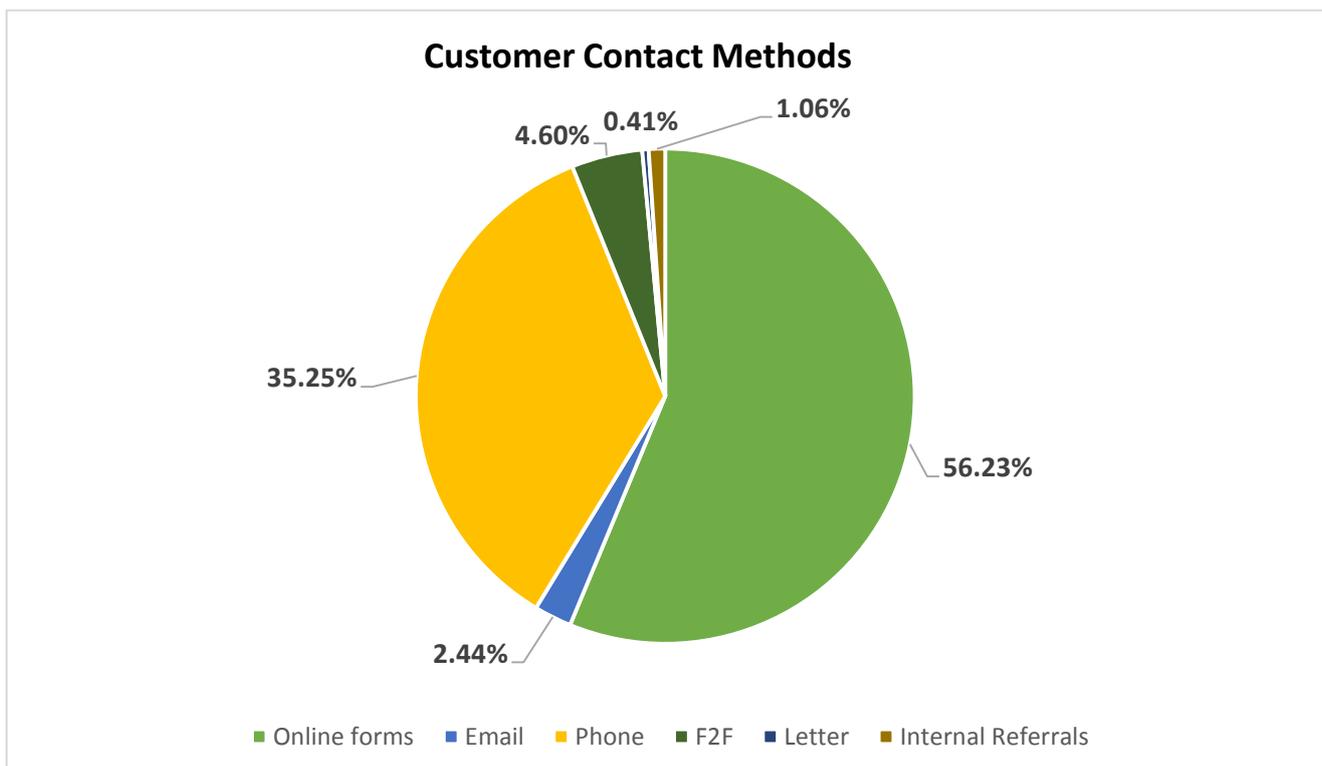


4.0 Demand Analysis

- 4.1 The demand analysis part of this report focuses the data available surrounding customer contact points. This includes data collected around telephony, face to face interactions, the website, payments and how service requests are received. Analysing this information can show how customers are choosing to interact with the council and through which channels.

Service Requests and Customer Contact Methods

- 4.2 Service requests can be made by customers through various channels. For example telephone, online forms, at the Guildhall and email. It is important to understand how customers are making requests so the receipt of these can be resourced adequately and appropriately.
- 4.3 Currently the method of receipt of service requests are only recorded by the following teams: Anti-Social Behaviour, Planning Enforcement, Housing Enforcement, Food Health and Safety, Public and Environmental Protection, Street Naming and Numbering (SNN) and Waste Services. Future investments in technology will allow for improved recording of future service request enabling a better understanding of our demands in this area.
- 4.4 The overall breakdown of contact channel for the teams mentioned above is: 35.25% from phone, 56.23% from online forms, 2.44% from email and 4.60% from face to face. These figures are the same as the previous year with the majority of customers making contact with us via the phone and online forms.



Face to Face Demand

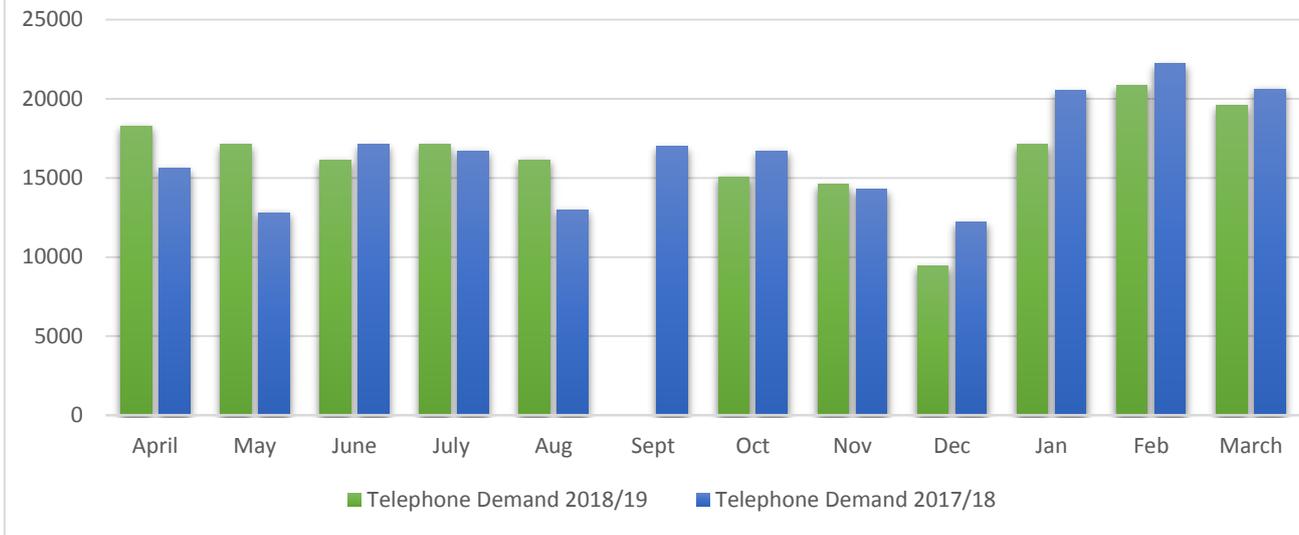
- 4.5 The total number of customers that choose to come into reception is relatively low as many now choose to request services through other means. The footfall for the Guildhall is made up of Council customers as well as Job centre plus (JCP), Lincolnshire County Council (LCC) Voluntary centre services (VCS) and Citizens Advice Bureau (CAB). While these are not our direct customers this still has a direct impact on demand and traffic in reception. On average just under 60% of reception footfall is for our tenants, leaving just over 40% of footfall visiting for the Council's services.
- 4.7 Reception footfall reduces in the summer and Christmas holidays, however demand remains consistent across other months. The volume of visitors to the Guildhall has remained the same compared to the previous year. The percentage of customers visiting for West Lindsey District Council services between April 2018 and March 2019 is 59.17% and for Tenants is 40.83% this breakdown is the same as the previous year.

	QU1	QU2	QU3	QU4	Totals	%
Total Footfall	13536	13427	13645	12674	53282	
WLDC	5580	5255	5673	5249	21757	40.83%
Tenants	7956	8172	7972	7425	31525	59.17%

Telephone Demand

- 4.8 The graph below illustrates telephone demand each month compared to the previous year. There is no data available for September 2018 as telephone reports were not available due to a system upgrade.
- 4.9 At the beginning of the 2018/19 period telephone demand was higher than the previous year. Telephone demand decreased and less calls were presented at the end of the year compared to the previous year (2017/18). January, February and March is the period when customers sign up to the Green Garden Waste Service, this year more online subscriptions requests were made compared to via a phone call.
- 4.10 The total amount of calls presented to the Council across the year has remained the same as the previous year. The graph below illustrates how many calls were received each month compared to the previous period.

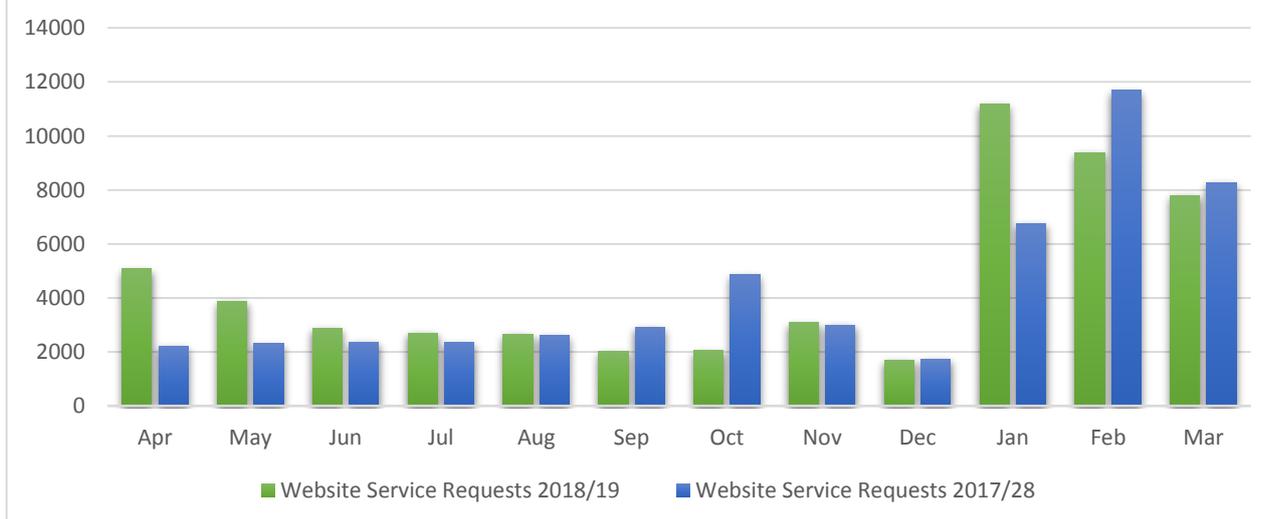
Overall Telephone Demand for WLDC per month - 2018/19 compared to 2017/18



Online Demand

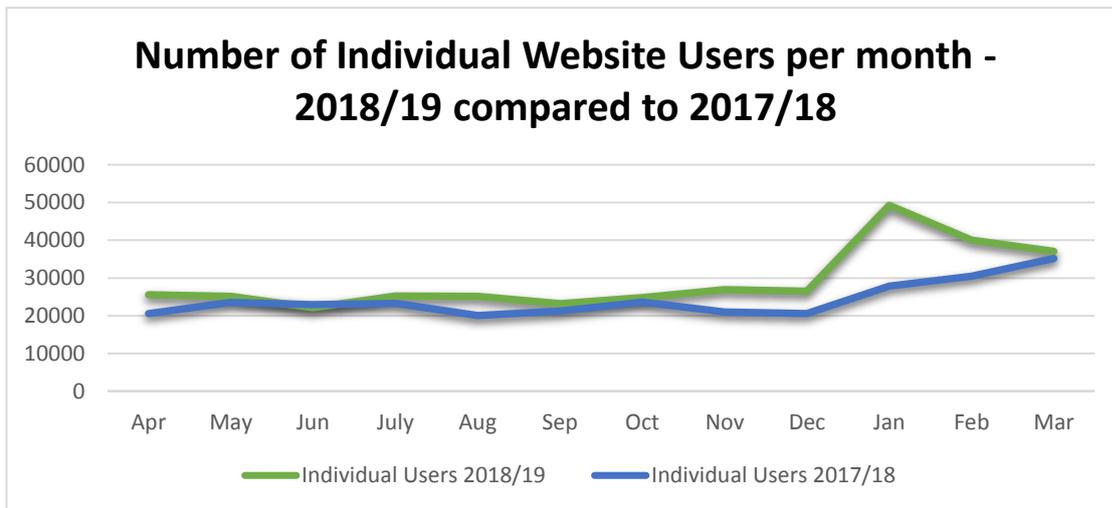
- 4.11 Customers can request or subscribe to a service via the Council website. The most visited pages on the website include the Green Garden Waste Service pages during the subscription period and the second most popular pages are relating to Planning and Development.
- 4.12 There has been an increase in service requests made via online forms during the 2018/19 period. In total 55,418 online requests were received compared to 51,098 the previous year. The graph below illustrates how many online requests were received each month. The increases in January, February and March are due to Green Garden Waste Subscriptions.

Number of Online Service Requests Received per month - 2018/19 compared to 2017/18

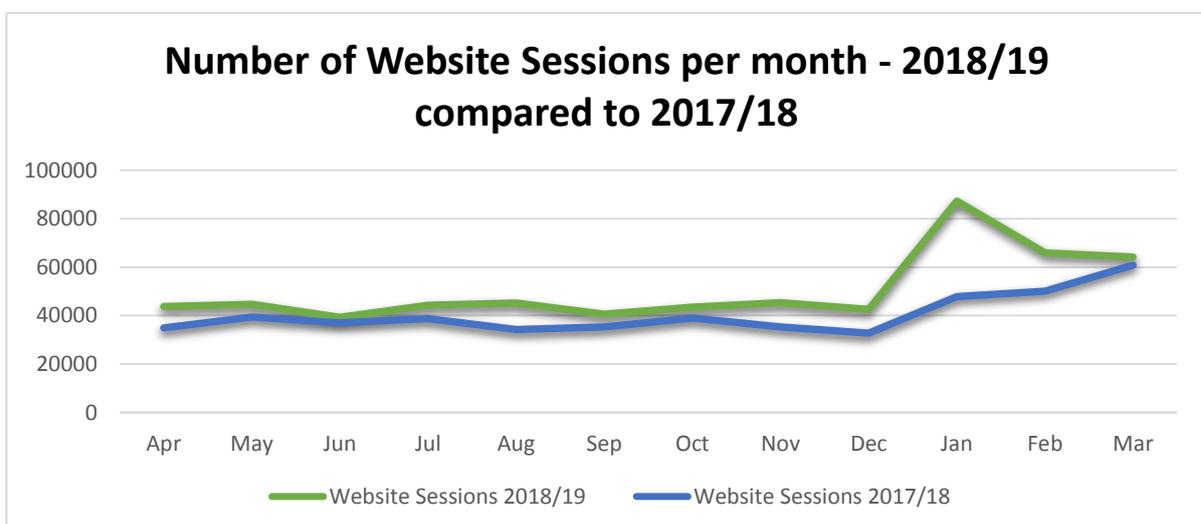


4.13 The graph below illustrates the number of individual website users each month compared to the previous year. As you can see there has been an overall increase in the number of users each month and a dramatic increase in users during the Green Garden Waste subscription period.

4.14 When both telephone and online demand is compared it is evident that during 2018/19 more customers decided to sign up to the Green Garden Waste Service online as there has been a decrease in calls compared to the previous year with an increase in online activity.

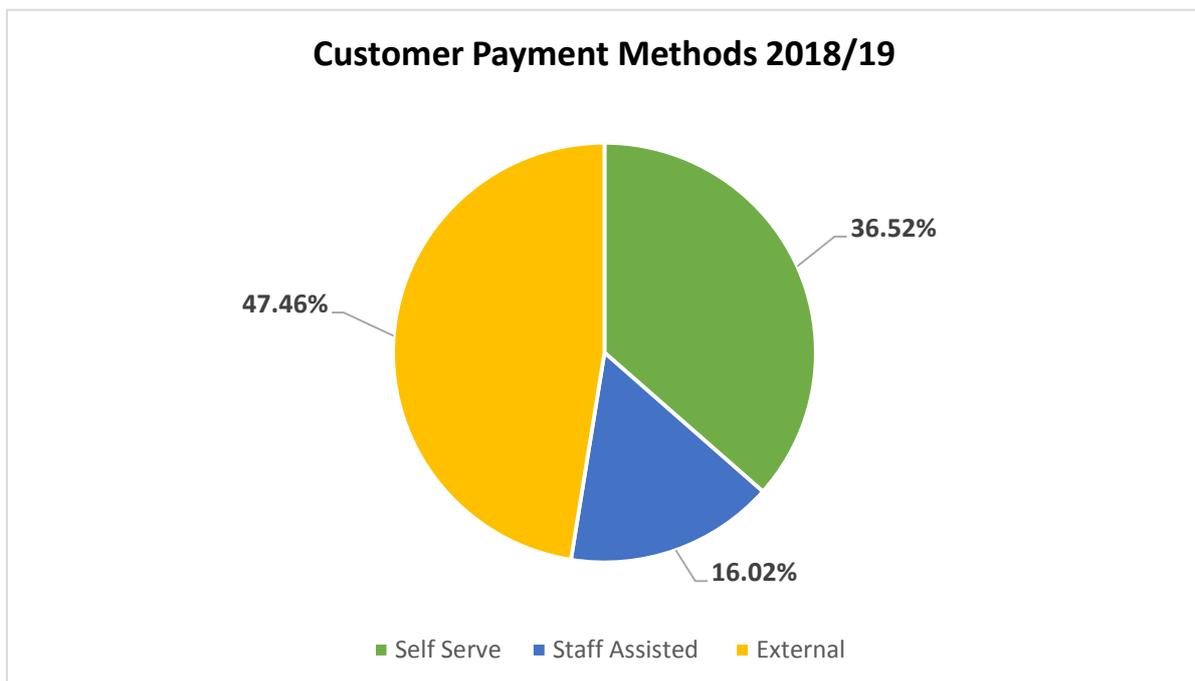


4.15 The graph below illustrates the number of website session per month. During 2018/19 there were over 120,000 more website sessions recorded in total compared to the previous year. Each month more sessions have been recorded than the previous year. This indicates that customers are becoming more confident in using the Council website to access our information and services and that the information provided is more informative and helpful. It is important that our customers' needs can be met via our website, Customer First is about putting the Customer at the centre of everything we do, through excellent customer service, a great experience, and a value-for-money, effective service delivery which is designed around our Customer's needs.



Payment Methods

- 4.16 The methods in which customers make payments to the Council can be classified into three categories; Self-Serve, Staff Assisted Payments and External Payments.
- 4.17 Self-Serve payments include payments taken over the website, the kiosk in reception and the automated telephone payment line. Staff Assisted payments include payments over the phone, postal cheques, cheques and small amounts of cash taken face to face. External Payments include bank account payments (but not direct debit payments), Post Office payments and PayPal.
- 4.18 In the 2018/19 period the payments have consisted of 36.52% Self-Serve Payments, this is a slight increase compared to last year which shows that more customers are confident in making their payments online or using automated systems. 16.02% of payments were Staff-Assisted, this has decreased compared to the previous period due to more people paying online and supporting customers to move to not paying by cash or cheque payments at reception. The volume of External Payments remains the same as the previous period at 47.46%. The breakdown of payment methods is illustrated in the chart below.



5.0 Conclusion

- 5.1 Overall we are receiving more feedback from our customers, in particular in the form of compliments and comments. Under the new process all customer feedback is recorded, historically not as much emphasis was put into recognising all compliments and comments received. There has been a particular rise in positive feedback for individual officers which is encouraging to see.

The 2018/19 period has seen an increase in overall customer contact and requests for our services. The methods in which customers contact us has shifted slightly towards more online self-service methods which means that we need to ensure that the information on our website is accurate, informative and up to date. When reviewing feedback received it is evident that website failure and down time leads to an increase in telephone calls and email contact to our Customer Services Team which increases pressure on the service.

Our customers live, work, or conduct business within our district usually for extended periods of time; and therefore the Council needs to build a positive relationship with customers for long term success.

The information within this report provides important input into the delivery of the Customer First Strategy, providing baseline data, enabling the Council to look through the customer's eyes at the services provided and to think, act and plan from the customer viewpoint which will be essential in making service improvements.

A customer wants to be seen as an individual, and wants to find or obtain what they need quickly and easily. The Council's role is to help customers do what they need to do, with the least possible friction. The data in this report will allow the use of customer analytics to predict customer behaviour, personalised services and continually evaluate the customer journey leading to an improved customer experience overall.

This will enable the Council to deliver excellent customer services, ensuring that it is operating and using its resources in the best way possible to provide a 'right first time' speedy, efficient and effective services.

Appendices

Appendix A – Compliments received per Service 2018-19

Compliments	
Customer Services	113
Planning and Development	103
Street Cleansing	60
Waste Services	59
Building Control	32
Revenues	19
Arts and Leisure	16
Home Choices	15
Benefits	11
Housing Enforcement	9
Licencing	8
Local Land Charges	7
Environmental Protection	6
Property Services	6
Growth and Regeneration	6
Food, Health and Safety	6
System Development	5
Planning Enforcement	4
Community Safety	4
Customer Experience	3
Communities	3
Member and Support Services	3
Wellbeing and Health	1
Financial Creditors and Debtors	1
Energy	1
Public Health Funerals	1
Trees and Conservation	1
Communications Team	1
Cemetary	1
Crematorium	0
Tourism	0
Stray Dogs (Customer Services)	0
Electoral Services	0
HR	0
Management Team	0
Internal Confidential Issues	0

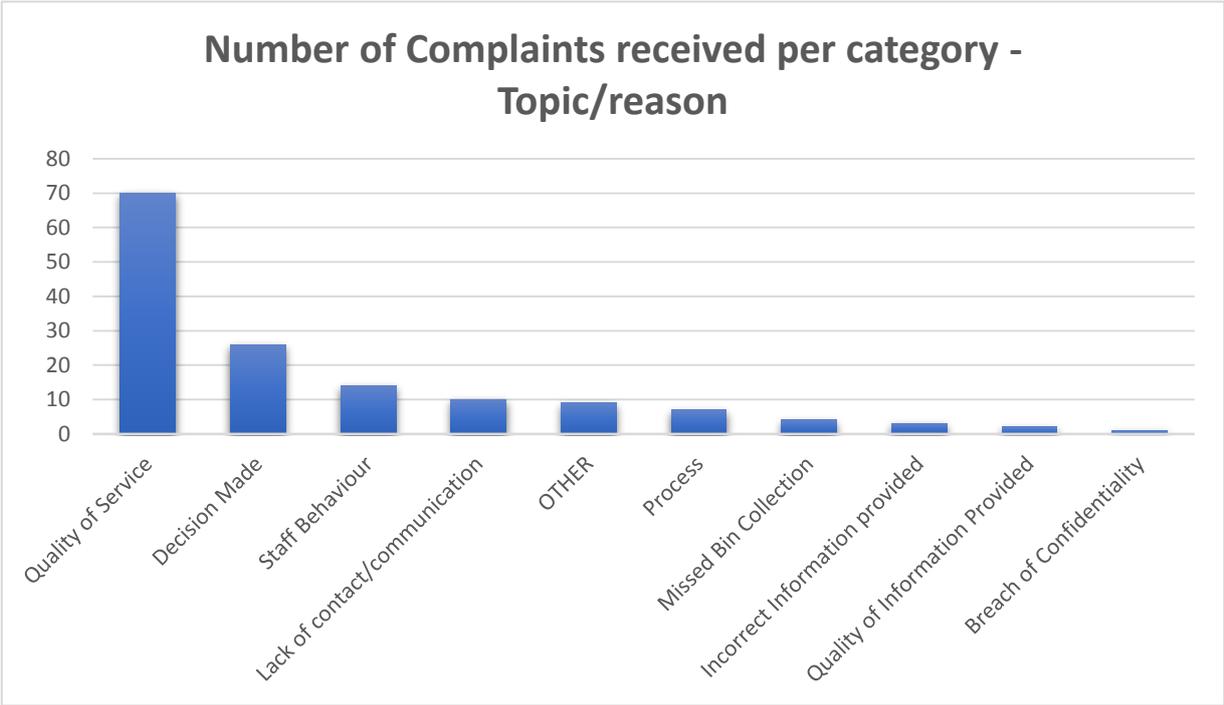
Appendix B – Comments received per Service 2018-19

Service	Number of comments received
Waste Services	42
System Development	37
Street Cleansing	12
Property Services	7
Arts and Leisure	6
Environmental Protection	6
Customer Services	6
Housing and Planning Enforcement	5
Revenues	4
Planning and Development	4
Building Control	2
Member and Support Services	2
Out of scope	2
Growth and Regeneration	1
Electoral Services	1
Communities	1
Management Team	1
Cemetery	0
Crematorium	0
Tourism	0
Energy	0
Benefits	0
Home Choices	0
Wellbeing and Health	0
Customer Experience	0
Stray Dogs (Customer Services)	0
Public Health Funerals	0
Licencing	0
Trees and Conservation	0
HR	0
Local Land Charges	0
Food, Health and Safety	0
Internal Confidential Issues	0
Communications Team	0

**Number of complaints
received**

Service	18/19	17/18
Waste Services	29	*49
Planning and Development	26	25
Revenues (Council Tax)	15	*18
Planning Enforcement	13	19
Customer Services	10	10
Arts and Leisure	9	4
Out of Scope	8	unknown
Home Choices	7	7
Housing Enforcement	5	6
Environmental Protection	5	8
Property Services	4	4
Benefits	3	*18
Street Cleansing	3	*49
System Development	3	0
Financial Creditors and Debtors	1	0
Building Control	1	0
Growth and Regeneration	1	1
Local Land Charges	1	0
Electoral Services	0	3
Crematorium	0	0
Tourism	0	0
Energy	0	0
Wellbeing and Health	0	0
Customer Experience	0	0
Stray Dogs (Customer Services)	0	0
Public Health Funerals	0	0
Licencing	0	0
Cemetery	0	0
Trees and Conservation	0	0
HR	0	0
Communities	0	0
Food, Health and Safety	0	0
Member and Support Services	0	0
Management Team	0	0
Internal Confidential Issues	0	0
Communications Team	0	0

- It should be noted that in previous years Waste Services and Street Cleansing as well as Revenues (Council Tax) and Benefits were grouped together in terms of customer feedback categories. The new system has allowed these to be separated into individual services for more accurate reporting.



Service	Number of Partially upheld complaints	Number of Fully upheld complaints	Total
Waste Services		17	17
Customer Services	1	7	8
Revenues (Council Tax)	5	1	6
Planning and Development	1	3	4
Planning Enforcement	2	1	3
Housing Enforcement	3		3
System Development		3	3
Arts and Leisure		2	2
Home Choices	2		2
Environmental Protection	1		1
Benefits		1	1
Financial Creditors and Debtors		1	1
Local Land Charges		1	1

Appendix E – Complaints referred to the LGO by service

Service	Number of complaints referred to the LGO
Planning and Development	6
Council Tax	3
Planning Enforcement	2
Public Protection	2
Housing Enforcement	1
S106 agreements	1
Arts and Leisure	1

Agenda Item 6e



**Governance & Audit
Committee**

23rd July 2018

Subject: Internal Audit Quarter 1 Progress Report 2019/20

Report by:	Lucy Pledge (Head of Service – Corporate Audit & Risk Management – Lincolnshire County Council)
Contact Officer:	Ian Knowles, Executive Director of Resources ian.knowles@west-lindsey.gov.uk
Purpose / Summary:	The report gives members an update of progress, by the Audit partner, against the 2019/20 annual programmes agreed by the Audit Committee in March 2019.

RECOMMENDATION(S):	1) Members consider the content of the report and identify any actions required.
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IMPLICATIONS

Legal: None directly arising from the report

Financial: None directly arises from the report.

Staffing: None.

Equality and Diversity including Human Rights:

NB: A full impact assessment **HAS TO BE** attached if the report relates to any new or revised policy or revision to service delivery/introduction of new services.

None arising from this report

Risk Assessment: N/A

Climate Related Risks and Opportunities: None arising from this report

Background Papers: No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

Call in and Urgency:

Is the decision one to which Rule 14 of the Scrutiny Procedure Rules apply?

Yes

No

Key Decision:

Yes

No

Internal Audit Progress Report



West Lindsey DC
June 2019

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Internal Audit work completed

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Audit Reports at Draft
Work in Progress

Benchmarking

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Appendices

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 - 2 Assurance Definitions
 - 3 Details of Overdue Actions
 - 4 2019/20 Audit Plan to Date

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John Sketchley – Audit Team Leader
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This report has been prepared solely for the use of Members and Management of West Lindsey District Council. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 11.03.2019 – 10.06.2019
- Advise on progress with the 2019/120 plan
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

During the period we have completed five reviews:

- Four final assurance reports
- One consultancy report

Assurances

The following audit work has been completed and a final report issued:

- Key Controls Payroll– Substantial
- Investment Programme – Substantial
- Payment Card Industry Data Security Standard Follow Up (PCI DSS) – Substantial
- Planning Enforcement Follow Up – Limited
- ICT Capacity & Capability – Consultancy

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.

3

**SUBSTANTIAL
ASSURANCE**

1

**LIMITED
ASSURANCE**

1

CONSULTANCY

Substantial Assurance

Key Controls Payroll

To provide assurance that the key controls for the processing of the payroll are in place and are working effectively we reviewed the following areas:

- Starters and Leavers,
- Claims,
- Changes to contracts,
- Payroll runs,
- Contract management and reconciliation of accounts.

Overall, the Council's payroll is administered efficiently and effectively. For the areas examined we found that key controls are in place and are operating satisfactorily

We identified one error which related to processing by NKDC which resulted in an overpayment of overtime. It highlighted the importance of regular quality control meetings as part of the Service Level Agreement with NKDC.

We agreed two high priority actions to address this focusing on improved feedback at performance meetings and investigating any errors to ensure the reasons are understood and addressed.

This review sought to provide assurance that the Council has robust arrangements in place to undertake effective financial assessments as part of the investment decision-making process.

Our review confirms the adequacy of the Council's governance arrangements in respect of its investment programmes. Comprehensive financial assessments are being undertaken with appropriate expertise, are robustly recorded, and results are being communicated effectively to Council decision makers.

We made two medium priority findings around ensuring all centrally held project management documentation is up to date and complete and that where applicable project management finances receive a second check by a different finance staff member for further assurance on the figures.

Investment Programme

Substantial Assurance

Payment Card Industry Data Security Standard (PCI DSS)

An earlier audit report on PCI DSS compliance, issued in April 2018, gave a limited assurance opinion. This review has focused on evaluating the progress made on the recommendations within that report and the assurance level that can now be given.

Our assessment is that the Council has largely evidenced that it complies with the requirements of the Payment Card Industry Data Security Standard (PCI DSS), and we are giving a Substantial Assurance opinion at this time.

We found that two recommendations had not been implemented from the original review and we have made two new medium priority recommendations to support the Council in remaining compliant with payment card industry standards.

Recommendations cover documenting the annual scoping exercise to evidence when it is carried out and ensuring that quarterly vulnerability scans are completed and any issues identified are addressed.

Limited Assurance

Planning Enforcement Follow Up

The purpose of this follow up review is to confirm that previously agreed actions to address the limited assurance report from 2017 for this area have been actioned and that there has been an improvement in the management and delivery of Planning Enforcement.

We found that at the time of the audit follow up the service was not hitting its targets for closing cases and this was being reported as a Red issue in the Councils Performance and Delivery reports.

We found that two of the previously agreed recommendations had not been actioned and this had impacted on the services delivery against agreed targets.

Full details of the follow up report are included in Appendix 1.

Consultancy

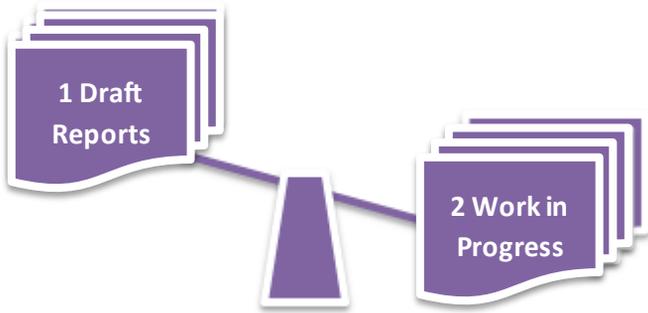
ICT Capacity & Capability

We have undertaken a review of the ICT departments at North Kesteven District Council (NKDC) and West Lindsey District Council (WLDC) with regard to their capacity and capability. We assessed their capacity and capability to provide a day to day ICT service, and their ability to implement the proposed future strategies.

Generally the capacity across NKDC and WLDC is sufficient for day to day activities, however several members of staff mentioned that the capacity is pushed to its limits and there is no surplus for extra work. Despite this, we found that it is generally being managed and the current work is progressing adequately.

The teams have the capability for day to day operations. We noted that increasing competency within the NKDC team has allowed the line manager to take a step back and focus on his managerial role for future projects. Across the two sites, there are 2 highly experienced individuals and they use their knowledge to its fullest extent.

We have recommended seven action points for the Councils to implement to further support the development of capacity and capability.



Audits reports at draft

We have one audit at draft report stage:

- ICT Infrastructure Plans joint review with NKDC

These will be reported to the committee in detail once finalised.

Work in Progress

We also have the following 2019/20 audit's in progress

- Vulnerable Communities
- Housing Benefit Subsidy Testing





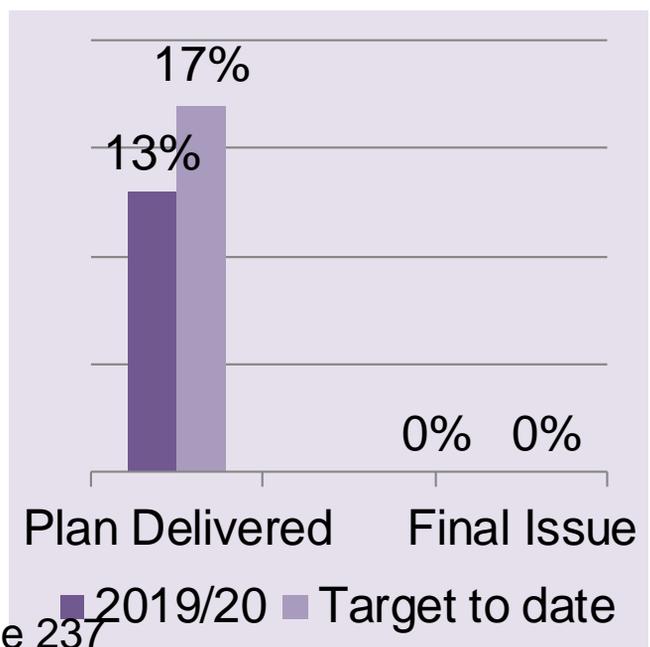
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators

100%

Rated our service Good to Excellent

High achievement of Audit KPI's to date



Risk	Rating (R-A-G)	Recommendations	
		High	Medium
Risk 1 – Enforcement action is inadequate or ineffective.	Amber	2	0

Limited Assurance Planning Enforcement Follow Up

Background and Context

In October 2017 we reviewed the Council's Development Management service, including Planning, Planning Enforcement and Section 106 processes. For Planning Enforcement a limited assurance opinion was agreed. At the time it was found that the service was not meeting its performance targets due to a number of reasons, including a disparity between the resource available and the service offered. We identified several areas where the Council could review and strengthen the service provided including –

- A review of whether some outcome measures would provide better service insight, rather than the time taken to action each case should be considered.
- There is one full time enforcement officer to action all cases. Some temporary resource has been provided however performance continues to be below target and the resource is due to end in September 2017.
- The joint working between planning enforcement and planners could be improved when setting planning conditions. Currently some planning conditions encourage public requests for enforcement when in reality the conditions are unenforceable.
- The service could improve the way it reports its case load to add some context to performance figures. Currently there is no breakdown of cases by priority or year, just an overall figure. This does not support analysis and understanding of where improvements could be made.
- Although below target performance has been reported through Progress and Delivery reports we found that there had been a limited response and corrective action taken corporately. And performance continues to be off target.

Scope

The purpose of this follow up review is to confirm that previously agreed actions to address the limited assurance report for this area have been actioned and that there has been an improvement in the management and delivery of Planning Enforcement.

Executive Summary

At the time of the original audit in October 2017 the Planning Enforcement service was not hitting its agreed target of completing enforcement cases within a set number of days. This resulted in a limited assurance audit opinion. For our follow up review the target is not being achieved.

Current performance for time taken to close cases is 188 days against a target of 150 days. This is reported as a red off target area in the Council's performance reports. There is evidence of a steady improvement in performance reported to members and senior officers through Progress and Delivery reporting. The latter part of 18/19 has seen performance improve significantly but performance remains off target.

Two of the four agreed actions from the 2017 audit report had not been actioned, details are recorded below.

It was an agreed management action that discussions would be held between Planners and the Enforcement Service with a view to reviewing the way some planning conditions are set. As some of these conditions can be easily breached but are either not a high risk breach or are unenforceable. At the time of our follow up review this meeting had not taken place but was being planned to take place in March 2019.

Another issue was that complex cases can take years to resolve. In 2017 these open cases were being recorded from start to finish and this had an impact on overall days taken to close cases and on performance. It was an agreed action that the service would look to close or suspend but still monitor these cases where applicable. There are natural breaks in long running cases where no action is taken due to work being done outside of the services control such as legal proceedings. This would have stopped the clock counting and adding days to overall averages and targets for the service.

At our follow up we found this has not been actioned although work was in progress during our audit to review this. One case remained open from 2014 and the service had not been able to demonstrate an improvement to the approach to recording time against long running complex cases.

We have repeated two findings from our follow up work, to support the continued development and improvement of the Council's Planning Enforcement Service performance. The findings are that;

- There are formal discussions with the Planning service with the intention of enabling both services to understand the implications and practicalities of enforcement when setting planning conditions.
- The Enforcement Service reviews its case management approach with a view to closing or suspending cases at the earliest opportunity, in line with policy and where applicable.

Managing Your Risks

Good risk management, including maintaining risk registers, helps you to identify, understand and reduce the chance of risks having a negative impact on achievement of your objectives.

The service should review and update its operational risks to ensure current risks and mitigating actions are captured and managed to address current issues within the service.

Management Response

The service welcomes this review of the audit. The remaining two actions within the audit relevant to planning enforcement will be completed by June 2019. Over the course of 2018/19 the focus following on from the original audit report has been to ensure that the service is effectively resourced, has an up to date and relevant policy, effective case closure procedures and has performance measures which are relevant and effective.

Alongside this, the work area has continued to manage and resolve cases using formal and informal methods. In specific response to risk 1, a meeting has been arranged with planners, scheduled for May 2019. This will focus on planning conditions, their effectiveness and their enforcement. It should be noted that whilst a specific meeting has not taken place, work relating to planning conditions and their enforcement is now embedded within the two services.

Planning and enforcement officers discussed specific cases on a regular basis and work to ensure that conditions are realistic and subsequently enforceable. The main issue in regards to planning conditions relates to historical conditions, some of which have been set without the above process occurring.

In specific response to risk 2, a great deal of progress has been made to ensure that in the 19/20 performance year the cases will be managed via a new closure process and the performance measures across the work area will provide better information for elected members to demonstrate the day to day work that is being carried out. The following should be noted in relation to risk 2:

- The new local enforcement plan came into effect in April 2018
- A new closure process is agreed and in effect from 1st April 2019.
- This process has led to there being an open working caseload of 75 (as of 1/4/19). 75 is the lowest caseload number recorded since before progress and delivery records began.
- Less than 30% of cases have been open for 6 months or more (this will be the baseline target)

Managing Your Risks

within the 19/20 progress and delivery measure)

- Of the 30%, they are all actively being investigated further and are likely to result in formal action
- being taken
- The average closure period for the last 3 months is 113 days. The average across the year has reduced in each month during 18/19 as a result of the above
- Each case is now subject to a scheduled 5 month review to ensure that it is being progressed and does not remain open for longer than is required.

It is intended for 19/20 to provide a benchmark year in relation to the closure timescales and revised performance measures and officers would welcome a further review of these actions in 6 months' time in order to provide elected members with a further update on their progress.

Andy Gray – Housing and Environmental Enforcement Manager

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Outstanding Audit Recommendations for all audits at 10/06/2019

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
WLDC Audit Actions								
ICT Records Management	April 2019	Substantial	5	2	0	1	0	2
Customer First	Jan 2019	Substantial	5	3	0	2	0	0
Food Safety and Environmental Protection & Enforcement	Sept 2018	Limited	7	6	0	1	0	0
Sales & Invoicing	March 2018	Limited	10	9	1	0	0	0
Total			27	20	1	4	0	2

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Members Devices with NKDC	Joint review with NKDC to review the training and security of members devices.	Q1 Apr - June 2019	June 2019		
Internal P3M3 Project management review support	To support the Council in its review of project and programme management systems against the best practice and standards of the P3M3 maturity model.	Q1 Apr - June 2019	May 2019		WIP
Vulnerable Communities	Review the Council's strategic and operational approach and management to address vulnerable communities in the district.	Q1 Apr – June 2019	May 2019		WIP
New Depot Project Support	Support the Council on project work to consider the future for the waste depot.	Q1 Apr – June 2019	May 2019		WIP
Housing Benefits Subsidy	Test a sample of benefit cases to on behalf of the external auditor KPMG to provide assurance on the subsidy claimed by the Council.	Q2 July – Sept 2019	May 2019		WIP
Delivery of the Corporate Plan and the “Golden Thread” concept.	Review the “Golden Thread” concept that links service delivery to Corporate plans to ensure services understand how their work supports corporate aims.	Q2 July – Sept 2019			TOR Agreed

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
ICT - Public Sector Network (PSN)	Joint review with NKDC to review the Councils compliance with standards and best practice.	Q3 Oct – Dec 2019			
Programme and Project Management	Provide assurance that the Council's Programme and Project management systems are understood by services and complied with.	Q3 Oct – Dec 2019			
Key Controls – Financial Resilience	Provide assurance that the Council has clear process and controls in place to manage financial resilience.	Q3 Oct – Dec 2019			
Combined Assurance	Document the Council's critical areas to provide an assurance rating to inform the audit plan and report to management and members.	Q3 Oct – Dec 2019			
ICT Cyber Security Joint with NK	Review cyber security controls against best practice and national standards.	Q4 Jan – Mar 2020			
Good Governance follow up	Follow up on the 2018/19 report and recommendations to provide continued assurance on Good Governance and Culture.	Q4 Jan – Mar 2020			

Audit	Scope of Work	Start Planned date	Start Actual date	End Actual date	Status/ Rating
Key Controls – areas to be agreed	Carry out key control testing on critical Council services.	Q4 Jan – March 2020			
Audit Follow Up work – Planning Enforcement & Food Safety & Environmental Protection.	Follow up 2018/19 limited assurance areas to provide assurance that improvements have been implemented.	Q4 Jan – March 2020			

Appendix Five: Position of Outstanding Audit Actions

Audit	Finding Description	Priority	Agreed Action	Original Due Date	Owner	Current Due Date	Update Comments	Resolution
ICT Records Management	<p>Part of the duties of the Data Protection Officer is to monitor compliance with the GDPR and other data protection laws as well as the Council's data protection policies and processes. To this end, the Data Protection Officer has adapted the data protection self-assessment checklist as provided by the Information Commissioner's Office and made available from their website. Compliance checks have recently been initiated, with the HR section being subject to the first review by the Data Protection Officer.</p> <p>Utilising suggested checks by the UK's supervisory authority for GDPR will help ensure that the Council is adhering to best practice. That said, the self-assessment toolkit has been created with small organisations in mind. The ICO goes on to say that the checklist will be most helpful to small to medium sized organisations from the private, public and third sectors.</p> <p>Our assessment of the checklist</p>	Medium	The checklist will be reviewed to incorporate necessary compliance checks.	30/04/2019	Steve Anderson	31/08/2019	There has been a fresh look at monitoring compliance and new proposals are being drawn up with a view to obtaining agreement by end of Aug 2019. (JOS - 06/06)	In progress

that is planned to be used by the Council is that the questions posed in the checklist around retention periods are largely directive and do not offer sufficient checks on compliance.

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Customer First	<p>The overall high level strategic benefits of the Programme have been established and are detailed in both the Programme Mandate and Programme Definition Document. These documents, we acknowledge, have been produced retrospectively and are still in draft format. Work is currently being carried out to determine how the benefits of the Programme will link to its outcomes and how benefits will be measured i.e. establishing performance targets/satisfaction measures. This work has not yet been completed and links and targets/measures formally documented.</p> <p>How the outcomes of the 6 Themes will link to the benefits of the Programme have also not yet been determined, including responsibility for benefit monitoring and reporting.</p>	Medium	Benefits, Outcomes and Performance Indicators for the Programme, Themes and Projects to be documented in a golden thread. Theme Leads to report on the benefits, outcomes and indicators as part of the theme reports.	31/03/2019	Michelle Carrington	31/08/2019	Workshop to be held late June with relevant officers to ensure understanding of outcomes, how they can be achieved, means of measuring progress or success and overall ownership	In progress
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Customer First	<p>How the Customer First Programme will be monitored in respect of quality has not been established or documented. There is no Quality Management Plan in place for the Programme however it is understood that development of such a plan will form part of the wider programme management process currently being developed by the Performance and Programmes Team Manager.</p>	Medium	<p>A Programme Quality Management Plan to be defined as standard for use across the Councils range of programmes; and then adopted by the Customer First Programme</p>	31/03/2019	Darren Mellors	31/08/2019	Awaiting Board approval - expect by end of July 2019	In progress
Food Safety, Environment Protection & Enforcement	<p>Food Law's Code of Practice requires that each competent authority must have an up-to-date, documented Food Service Plan which is readily available to food business operators and consumers. The Plan must be subject to regular review and clearly state the period of time during which the Plan has effect. There was no Food Service Plan for 2017/18 and 2018/19. Food Law's Code of practice also requires that each competent authority should have an up-to-date, documented Food Law Enforcement Policy which is readily available to food business operators and consumers. We</p>	Medium	<p>To develop Food Law Enforcement Policy and make it available to food business operators and consumers.</p>	31/03/2019	Andy Gray	30/10/2019	Policy is in development	In progress

	found that the Council have no Food Law Enforcement Policy.							
Sales & Invoicing	<p>The current financial system is seen as a blocker and is not meeting the requirements of most teams we spoke to. There is no functionality for commercial billing meaning that invoices can't be created from a template and a change in the sum of future invoices is a labour and time demanding process of manual amendments in the financial system. There is no functionality for the automatic generation of template documents for court actions for unpaid sundry debts, and reports produced by the system need manual formatting in order to make them user friendly and meeting service areas' requirements.</p> <p>This has been identified as an area for improvement and Civica have stated that they can develop a system add-on which will provide functionality for commercial billing. The discussions between Council officers and Civica has taken more than a year and Civica haven't engaged in the expected way or provided the needed support to address this and other identified</p>	High	<p>To review and procure a new finance system, either through a joint procurement exercise with partners or through a WLDC Council procurement process.</p> <p>To consider in line with the wider strategic needs of the Council and current transformation programmes of work to support a fit for purpose system.</p>	31/03/2019	Ian Knowles	31/03/2020	<p>The acquisition of a new finance system is expected to take approximately 9 months and implementation would be anticipated from September 2019. The procurement process has been delayed as a result of feedback from the market engagement events and a change to the procurement strategy. Procurement went to market in June 2019. The process will take until January 2020 with implementation dates to be agreed as part of the process.</p>	In progress

	issues. Prior to the audit completion we were been told that Civica have confirmed that the required commercial billing add-on will be ready by the end of October 2017.							
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Governance and Audit Workplan to May 2020

Purpose:

This report provides details of reports scheduled for committee for the 2019/20 electoral cycle.

Recommendation:

1. That members note the report.

Date	Title	Lead Officer	Purpose of the report
23 JULY 2019			
23 Jul 2019	Annual Governance Statement 2018/19	James O'Shaughnessy, Corporate Policy Manager & Deputy Monitoring Officer	To present the Council's Annual Governance Statement and Action Plan for 2018/19
23 Jul 2019	Annual Voice of the Customer Report 2018/19	Natalie Kostiuk, Customer Experience Officer	To summarise customer feedback from the year 2018/19 and analyse customer contact data to give a clear view of the voice of the customer
23 Jul 2019	Audited Statement of Accounts	Caroline Capon, Corporate Finance Team Leader	
23 Jul 2019	EXTERNAL AUDIT REPORT - ISA 260	Tracey Bircumshaw, Strategic Finance and Business Support Manager	External Auditor, Mazars will present their ISA260 report relating to our Statement of Accounts 2018/19
23 Jul 2019	Internal Audit Q1 19/20	James Welbourn, Democratic and Civic Officer	To present the update for quarter 1 to G and A committee
15 OCTOBER 2019			
15 Oct 2019	Annual Audit Letter 2018/19	Caroline Capon, Corporate Finance Team Leader	To review the Annual Audit Letter which summarises the audit work for the 2018/19 financial year

15 Oct 2019	Annual Fraud Report 2018/19	Tracey Bircumshaw, Strategic Finance and Business Support Manager	To present details of the work undertaken in countering fraud and to report on any instances of fraud identified
15 Oct 2019	Internal Audit Q2 19/20	James Welbourn, Democratic and Civic Officer	To present the update for quarter 2 to G and A committee
15 Oct 2019	Local Government Ombudsman Annual Review Letter 2018/19	Natalie Kostiuk, Customer Experience Officer	Report on the LGO Annual Review Letter 2019. Covering complaints to the LGO for the 2018-2019 period. Examining upheld complaints and benchmarking/trends.
15 Oct 2019	Member Development - Annual Report	Alan Robinson, Strategic Lead Governance and People/Monitoring Officer	To demonstrate progress of Member Development over the previous 12 months and to set out proposals for the coming year.
4 JANUARY 2020			
4 Jan 2020	Certification of Grants and Returns	Tracey Bircumshaw, Strategic Finance and Business Support Manager	To present the outcome of the External Audit of Grant Claims and returns
14 Jan 2020	Draft Treasury Management Strategy	Tracey Bircumshaw, Strategic Finance and Business Support Manager	To provide members with the opportunity to review the Strategy and to provide assurance prior to recommending to Council for approval.
14 Jan 2020	Internal Audit Draft Annual Plan Report 2020/21	James Welbourn, Democratic and Civic Officer	To present to members the draft annual internal audit plan based on assurance mapping and risk assessments across the Council's critical services.
14 Jan 2020	Internal Audit Q3 19/20	James Welbourn, Democratic and Civic Officer	To present the update for quarter 3 to G and A committee
10 MARCH 2020			
10 Mar 2020	Accounts Closedown 2019/20 - Accounting Matters	Caroline Capon, Corporate Finance Team	To review and approve the accounting policies actuary assumptions and materiality levels that will be used for

Leader

the preparation of the 2018/19 accounts.
For the External Auditor to explain the process of the
External Audit of the Statement of Accounts and
approach to the Value for Money Audit 2018/19.

10 Mar 2020 Internal Audit Charter

James Welbourn,
Democratic and Civic
Officer

IA Charter for 20/21

14 APRIL 2020

14 Apr 2020 Internal Audit Q4 19/20

James Welbourn,
Democratic and Civic
Officer

To present the update for quarter 4 to G and A
committee

14 Apr 2020 Annual Constitution Review

Katie Coughlan, Senior
Democratic & Civic Officer

Annual review ahead of annual council in 2020
