

BOSTON BOROUGH COUNCIL

FINANCIAL REPORT 2018/19

Paul Julian, Chief Finance Officer (Section 151 Officer)

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NARRATIVE REPORT

Welcome to the Statement of Accounts – Paul Julian, Chief Finance Officer

A short introduction to Boston

The town of Boston has a rich heritage dating from the middle ages with an interesting and varied history.

Boston Borough Council is one of seven district Local Authorities in Lincolnshire. It lies in the south-east of the county and covers an area of approximately 141 square miles. The Borough shares its borders with East Lindsey, North Kesteven and South Holland District Councils, and the Wash to the East. The Borough has both town and rural wards, with agriculture and associated food processing being two of the most prominent industries.

Key Facts about Boston

The profile of the local population dictates the direction and substance of the services provided by the Council. As a predominantly rural District its range of services is that typically provided in these areas – alongside the statutory delivery of planning, housing and regulatory functions including waste collection, the council is the billing authority for its area. It also provides leisure and community services.

Population

The Office for National Statistics' latest figures, published for 2017, estimated there to be 68,500 residents and 29,350 households in the Borough. The population shows an increase of 16% over the 2008 position, with significant increases in the number of people due to the arrival of migrant workers from European Countries, seeking employment mainly in agriculture and food processing.

Economy

According to the most recent Government Index of Multiple Deprivation (2015) Boston Borough is ranked as the 66th most deprived council area in England. Census 2011 figures indicate that Boston had the highest percentage of non British EU passport holders outside of London at 12.1%, reflecting the major population changes and their social impacts in recent years.

The unprecedented growth and change in population within Boston has had numerous consequences, bringing an increase in the demand for public services, education, health, policing and council services, all of which have created challenges for local service providers in how best to respond to the needs of residents. Rural Services Network analysis shows that Boston has the lowest average wages in Lincolnshire reflecting the main employment industries (food production, processing and packaging).

Statistical analysis of the population from the 2011 census indicates that 11,362 of the population were aged between 0-15 years representing 17.6% of the total population; 40,533 were aged between 16-64 years, 62.7%; and 12,742 were aged 65 years and over, comprising 19.7%.

Further statistical information on the profile of the area and its comparison to others in Lincolnshire can be found on the Lincolnshire Research Observatory website, see www.research-lincs.org.uk/area-profiles.aspx

Political Structure in the 2018/19 Year

Boston has 15 electoral wards and the Council consists of 30 councillors. All councillors are elected for a four-year term at the same time, the most recent election being in 2015. The next election takes place on 2 May 2019. The political make up of the Council at the end of the year was:

Party	Number
Conservative	17
UK Independence Party	6
Independent	4
Bostonian Independent Group	3

The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions. The decision-making system is made up of a Cabinet, two Scrutiny Committees, Planning Committee, Licensing Committee and the Audit and Governance Committee, as well as full Council. The Scrutiny Committees hold the Cabinet to account and monitor progress of key policies and strategies.

The Council's Corporate Plan

One of the key strategic documents that frames the actions of the Council is its Corporate Plan. This is a working document that exists to help Councillors, staff and partners work together to deliver the vision for Boston.

The Council is currently operating in an environment where resources are continually shrinking as Government funds are withdrawn, and the council has to keep finding new ways to generate income to support core services as well as reduce its operating costs. The main priority for the way the council does business is therefore to operate within its means. It continues to look closely at what really matters to the citizens of Boston and focus resources accordingly. Staff continue to respond positively to these challenges and will continue to be supported to enable them to work flexibly and develop their skills in those priority areas.

The Council Plan was last reviewed and revised during 2016/17, and contains four priorities:

1. Prosperity – a strong economy which is growing which will generate more and better job opportunities and will attract people and businesses to the area.
2. People – support and protect all vulnerable people within our borough.
3. Place – Boston is a very safe place to live and this is reflected in low crime rates and open, rural environment and historic market town which offers a quality way of life for residents.
4. Public service – the council has a key role to play in the local area to provide essential services and operate within the current financial context.

With the election of a new council in May 2019, it is expected that the Corporate Plan will be refreshed and amended during 2019/20.

WHO WORKS FOR THE COUNCIL?

Management Structure

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

During 2018/19 the Corporate Management Team comprised the Chief Executive, the Deputy Chief Executive, Chief Finance Officer and four Heads of Service. The Corporate Management Team is responsible for the delivery of the Council's services, directing improvements and future plans for Boston. It provides managerial leadership and supports Councillors in:

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

Council Employees

At the start of April 2018 the Council employed 295 people. By March 2019 this was 297, therefore largely static although there were a number of seasonal workers employed through the summer season. Included in these numbers are a number of apprentices in a wide variety of roles. Boston Borough Council is required to pay an apprenticeship levy to the Government. The levy is 0.5% of the Council's total pay bill and is used to pay for apprenticeship training, against approved apprenticeship standards, for both new recruits and for existing Council employees.

THE COUNCIL'S PERFORMANCE

Achievements 2018/19

Over the last year we have made progress towards our vision of "*Boston – open for business*":

- Support for the commencement of work on the £100 million Boston Barrier, which will protect more than 14,000 properties from tidal flooding
- The approval of a Capital Strategy which enabled the purchase of £20m of Property Fund holdings, and associated borrowing for the first time in many years, to support the Council's long term capital expenditure requirements
- Over 170 affordable homes were built in the year, bringing the total to 627 since 2012/13
- The adoption of the Joint Local Plan, the culmination of significant efforts over a number of years
- The garden waste scheme continued to be successful
- The continued development of ThinkBostonUK and VisitBostonUK websites to help attract businesses and tourists to the area
- The retention of Boston's gold status in the East Midlands in Bloom competition, the fourth gold year
- The 12th annual Big Boston Clean Up – volunteers collected 3.7 tonnes of rubbish to keep the streets clean, and at the year end there were 176 community volunteer litter pickers signed up
- The range of town centre events - 1940s day, outdoor cinema and beach days in Central Park, celebration of farming event in the Market Place, afternoon tea in the Guildhall

Financial Performance

Boston Borough Council is responsible for managing cashflows and assets of over £50 million.

The Council:

- Collects just over £20m of business rates, and in 2018/19 was part of a 100% localisation pilot with 40% passed onto Lincolnshire County Council, meaning the Borough Council retains 60% (equating to £3.6m following the payment of the tariff to the government and other adjustments).
- Collects over £32m in council Tax, with the majority being collected on behalf of the major precepting bodies - Lincolnshire County Council (£23m) and the Lincolnshire Police and Crime Commissioner (£4m).
- Purchased £20m of Property Fund holdings in 2018/19, in response to a review of its long term capital needs.
- Holds £61m of long-term assets comprising £36m of operational and heritage assets for delivering services, £4m of investment property and £21m of long term investments.
- Actively manages its investment portfolio, generating £566,000 investment income as a direct result of the purchase of Property Fund holdings.
- Generates almost £30m of fees, charges and grants used to deliver services and keep council tax down.

For a full list of performance indicators please see quarter 4 performance report on the Council's website.

ASSET OVERVIEW

(figures in £000)

	TOTAL ASSETS BROUGHT FORWARD 58,963		
+	ACQUISITIONS / ADDITIONS 19,941	ADJUSTMENTS / DISPOSALS (2,715)	REVALUATIONS 544
=	TOTAL ASSETS CARRIED FORWARD 76,733		

Broken down as:

PROPERTY, PLANT & EQUIPMENT *	INVESTMENT PROPERTY	LONG TERM INVESTMENTS	HERITAGE ASSETS, ETC *	CURRENT ASSETS
34,026	4,407	20,627	1,754	15,919

* during the year a review of asset classification concluded that the Guildhall was more accurately classed as an operational asset rather than heritage, hence the adjustment and changes in carrying values compared to 2017/18.

REVENUE CASH FLOWS

For day to day items, the Council receives money from various sources; the focus of this section is to look at where the money comes from and how it is spent. Income comes primarily from central government in the form of revenue support and grants, from local businesses through a proportion of their business rates, and from local residents in the form of Council Tax and fees and charges for services. Each year the Council spends its money on key services set in accordance with its local priorities, as well as some services that it is required to provide by law. Net revenue expenditure for the year, taking into account movements into earmarked reserves and provisions, was contained within the budget. During the year officers made continuous efforts to constrain expenditure and maintain the delivery of services, bearing in mind the ongoing reductions in government grant support and various other economic pressures (both at local and national levels). This led to decisions being taken to provide resources to, or utilise existing reserves, to meet the following future key risks:

- The delivery of the Transformation Programme, the primary mechanism by which the Council will balance future budgets and continue to provide good quality, value for money services;
- The requirement to be able to fund future capital asset replacement;
- The need for ongoing repairs and maintenance to property, plant and equipment;
- The delivery of the Council's Housing Strategy; and
- The need to ensure that the Council's information technology infrastructure and equipment is able to facilitate the delivery of modern services.

Earmarked reserves increased by £1.778m, from £8.741m to £10.519m, mainly as a result of additions to the Tax and Capital reserves (to provide funds to offset potential future business rates volatility and help deliver aspects of the Capital Strategy) and the setting up of the Risk Mitigation Reserve that recognises the potential risks arising from the Property Fund purchases made during the year. By holding these reserves it puts the Council in a better position to withstand future financial pressures arising from the uncertainties inherent in the current and proposed funding regimes, including the amount of business rates the Council is able to retain.

In common with the rest of local government, the Council has seen a steady reduction in its core funding in recent years, placing increasing pressure on the services it is able to deliver.

Against this background, the Council continues to rise to the financial challenges facing it through:

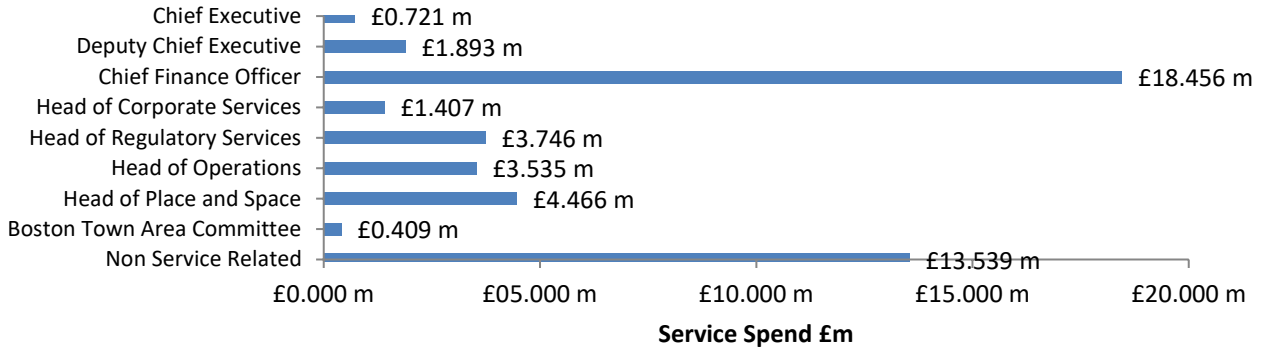
- Sound financial stewardship; and
- Innovative approaches to service delivery and support functions via the Transformation Programme.

The majority of savings for 2019/20 have been found from transformation programme efficiencies and income with no cuts to service delivery, enabling a balanced budget to be approved for the coming year.

Council spending in 2018/19

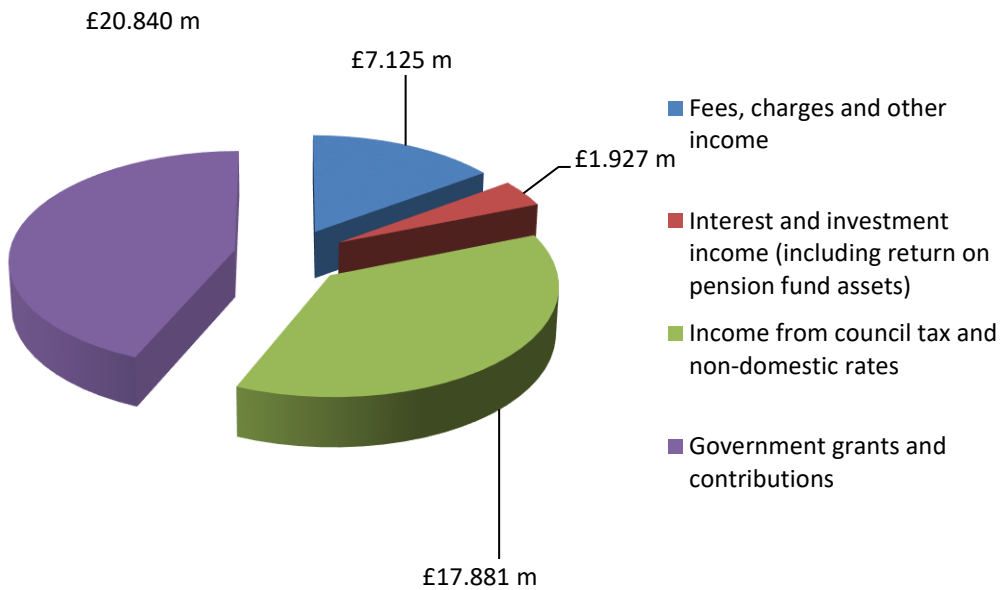
Council spending by department was within budget and reflects sound financial management and budgetary control. The graphs below show where we get our money from, and how it is spent on behalf of the Borough's residents and service users.

What services the money was spent on –



Financial Services includes the administration of Housing Benefits. The Council paid in approximately £17m in rent allowances to private tenants/landlords during 2018/19. This is set to decrease in the coming years, as Universal Credit is further rolled out.

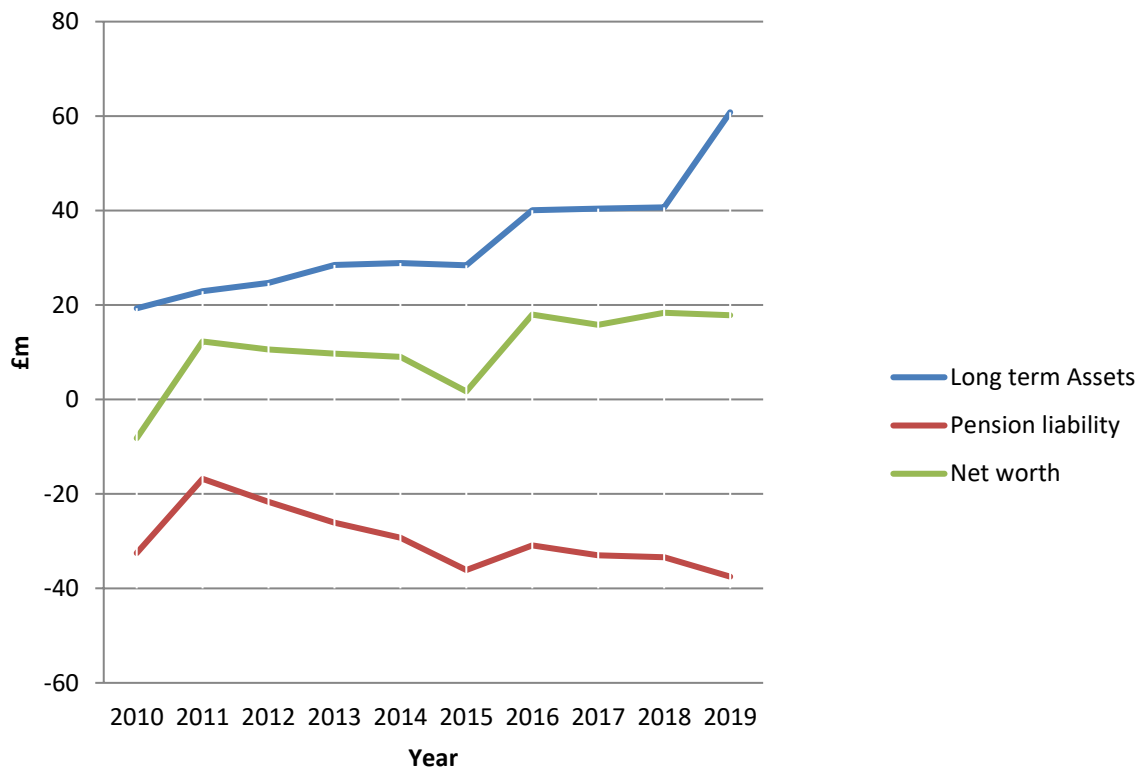
Where the money comes from –



FINANCIAL POSITION

The Balance Sheet shows the amounts held, owed to, and owed by the Council at 31 March each year. Values are arrived at in a number of ways, in accordance with the Council's accounting policies. As this exercise is carried out each year, the position over a longer period is not always obvious. The chart below shows how the higher value components of the Balance Sheet, namely Long Term Assets and the Pensions Liability, have affected the Council's overall net worth since the introduction of International Financial Reporting Standards. Further details on the specific issues that have affected the components are included in the relevant year's Accounts.

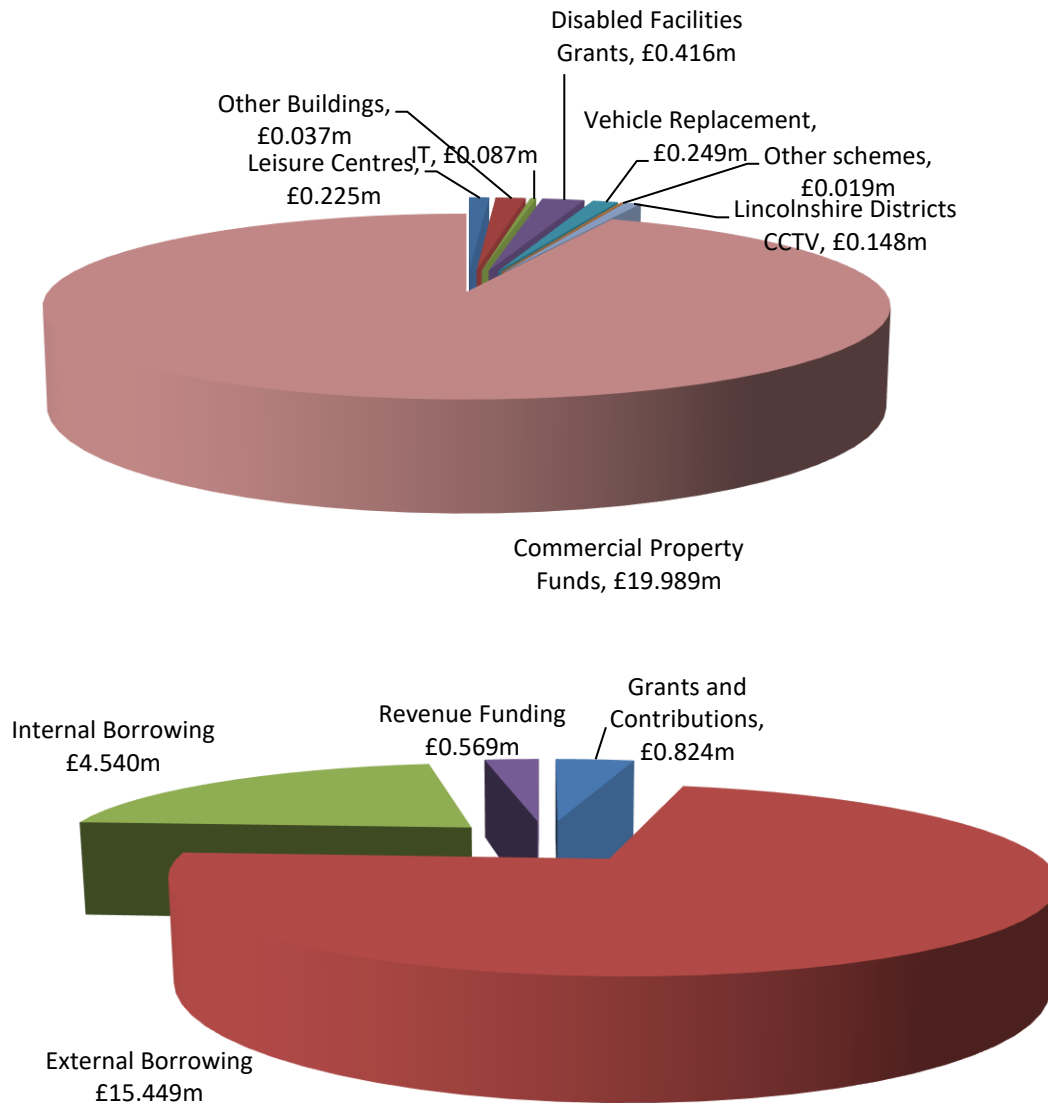
The change in the Pension liability at the end of 2018/19 reflects the Fund Actuary's assessment of the long term position of the Fund. Employer contribution rates are set following tri-ennial valuations, the next being 31 March 2019, with new contribution rates set to be agreed from April 2020.



CAPITAL

Given the Council's financial position and the future outlook, the Capital programme is prepared to ensure that it is sustainable into the medium term and, wherever possible, supports the ongoing reduction of revenue costs through invest to save initiatives. In 2018/19 the Council spent £21.382m. The majority of the spend was on the purchase of holdings in Property Funds to support the Council's longer term capital spending requirements (the difference in the purchase price and year end valuations largely relates to the costs of acquiring the Funds, and is expected to disappear over time as Fund values increase).

Capital Expenditure and associated financing in 2018/19 was as follows:



Non-Financial Performance of the Council 2018/19

Achievements

Although times are challenging for Boston Borough Council and the Local Government sector as a whole it is important to consider significant positive outcomes in the Borough and the Council's key achievements over the past twelve months. Once again, the overriding issue for the Council in the year was the requirement to set a balanced budget with services providing better value for money, combined with an affordable capital programme.

Key areas that the Council improved during 2018/19 include:

- There were 368 housing completions, compared to a target of 233
- 171 affordable homes delivered (target 171) and 91 empty properties returned to occupation (target 60)
- Over 98% of food businesses were broadly compliant with food safety law (i.e. rated 3 or higher under the National Food Hygiene Rating Scheme)
- 44 businesses were visited to support business growth (compared to a target of 37).

More information about the Council's performance can be found by looking on the website for the quarterly performance reports that are presented to the Cabinet.

The pressures on the finances of the Council are set to continue into the foreseeable future as public sector spending is likely to continue to be constrained, and a new funding regime is introduced. As in previous years, the regular quarterly budget monitoring process reported to Cabinet and Council updated members on projected actual spend against the approved 2018/19 budget, and can be viewed at the Council's website.

Measures of the successful achievement of these objectives include the actual spending position for the year compared to the budget, excellent processing times for housing benefit and council tax support, the number of food inspections undertaken, supporting the level of earmarked reserves, and maintaining the General Fund balance to help facilitate transformation opportunities and provide mitigation against future financial risks.

There are significant challenges facing the Council, and both members and officers are determined to meet them through the Corporate Plan and Transformation Programme, both of which will be refreshed during 2019/20, and new projects currently in development.

Risk and Opportunities

Future Challenges

The Council, in line with the majority of councils across the country, continues to face significant financial challenges as it responds to the Government's efforts to tackle the national public finances. The future funding regime for councils is also set to change, with the announcements by the government that by 2020 councils will be able to retain 75% of business rates generated locally, the Fair Funding review and the 2019 Spending Review. Whilst these may seem positive moves, the details of the new arrangements are yet to be agreed and announced, and there will inevitably be winners and losers at the local level.

Although the Council has made improvements, there continue to be further significant challenges and opportunities that the Council will need to embrace if it is to maintain effective service provision:

Meeting the financial challenge of having a sustainable Medium Term Financial Strategy

In order to help provide a buffer against reduced and changing government funding streams and certainties, provide funding to invest in future savings initiatives, and mitigate some of the risks that face the Council, this year the Council has contributed to its earmarked reserves. It is critical though that savings from the Transformation Programme are realised and close monitoring continues on trading income and other significant areas where there is volatility. The wider economic situation, the government's agenda, and limits on the amount of future Council Tax increases, all impact on the scale of the task needed to ensure that the Council's medium term financial plan is viable and achievable. The adoption of the Joint Local Plan will enable future development to support economic growth.

Changes to Local Government funding and the impact of Welfare Reform

The proposal to allow councils to retain 75% of business rates locally by 2020 will present challenges to the Council, particularly as a large proportion of Boston's local business is linked to the agricultural sector which is exempt from business rates and there is significant pressure on the retail sector both locally and across the country. Also, changes to council tax support in 2013 required the Council to introduce a local scheme that allows it to operate within a reduced funding regime from the government. As with the business rate changes, there are both incentives and risks for the Council that will require regular vigilant monitoring, to ensure that the Council's finances are not adversely affected. The initial rollout of Universal Credit took place during 2018/19, and will have further impacts on the Council in the coming years as further phases are introduced.

These changes have had, and will have, significant impacts on the way that the Council prepares its budgets, as some funding streams will no longer be guaranteed, and the volume and make-up of council tax support cases will affect the overall budgetary position. Budget estimates have taken potential volatility into account, and close regular monitoring is undertaken, and reported to members, to ensure that projections remain appropriate.

Focusing on areas of poorer performance

Whilst we look to continue good performance where it already exists, improvement areas have been identified, despite the challenges of reducing funds. Service and work plans are used to set targets and identify specific works to be undertaken, including further joint working with neighbours to realise savings where possible.

Pension contributions

Whilst the scale of the projected pension deficit is significant, statutory arrangements are in place that should ensure that the financial position of the Council remains healthy into the future. A number of national reforms have been, and are being, introduced, with the intention of reducing the funding gap.

Summary Position

The Council has maintained the progress made in recent years to improve the services it provides to residents, customers and visitors. Along with many other organisations however, particularly in the public sector, the Council has dealt with, and continues to deal with, a number of significant financial challenges –

- Effects of the wider national and international economic situation;
- Likely removal of the majority of direct central government funding;
- Increased demand for services; and
- The ongoing impact of Welfare Reform changes.

The Council has responded by developing a culture of careful budgeting and financial management, and the implementation of several strategic and operational initiatives. This has enabled the Council to maintain its General Fund balance at £2m this year, and invest in infrastructure and services within the Borough. At 31 March 2019 the Council held £10.519m in Earmarked Reserves which will help allow it to deliver further necessary changes in the future to ensure that service delivery is efficient and effective within the overall environment of reducing resources.

Explanation of Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which in turn is underpinned by International Financial Reporting Standards;

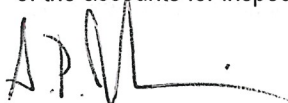
- **Expenditure and Funding Analysis** - shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by it in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services;
- **Movement in Reserves Statement** - is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or services improvements, and "unusable" which must be set aside for specific purposes;
- **Comprehensive Income and Expenditure Statement** – this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:
 - Services and activities that the Council is required to carry out by law (statutory duties) such as street cleaning, planning, refuse collection; and,
 - Discretionary expenditure focussed on local priorities and needs.
- **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date;
- **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities;
- **Notes to the Accounts** – these provide further details on some of the figures included in the Accounts.

Supplementary Financial Statements

- **Collection Fund** – this reflects the statutory requirement for the Council to maintain a separate account providing details of receipts of Council Tax and Business Rates, and any associated payments to precepting authorities, and the Government.

Further Information

Further information about the Statement of Accounts is available from the Financial Services section at the Council Offices, West Street, Boston, Lincolnshire PE21 8QR, telephone 01205 314200 or e-mail: Finance@boston.gov.uk. In addition, members of the public have a statutory right to inspect the accounts before the annual audit is completed. The availability of the accounts for inspection is advertised in the local press and on our website at www.boston.gov.uk.



Paul Julian, Chief Finance Officer

22 July 2019

Annual Governance Statement

1. Executive Summary

Boston Borough Council is committed to the highest standards of governance. We are responsible for ensuring that we have proper arrangements in place for governing the organisation (including a system of internal control) and for effective service delivery.

Each year we are required to produce an Annual Governance Statement (AGS), which describes how our corporate governance arrangements have been working. To help us to do this, the Council's Corporate Management Team (CMT) and Audit & Governance Committee (AGC) undertake a review of our governance framework and the development of the AGS.

Timeline:

- March 2019: Initial review and challenge by CMT and AGC
- May 2019: Draft signed off by CMT and AGC
- July 2019: Final AGS agreed as part of the audited financial report for 2018/19 signed by the Leader and Chief Executive

Significant Governance Issues:

Overall, we can confirm that we are satisfied that we have effective arrangements in place for the governance of Boston Borough Council and that we have a robust system of internal control which is fit for purpose. No significant gaps have been identified.

Whilst we are satisfied that these generally work well, our review has identified some areas of work for 2019/20 as set out in the table below.

Key area for 2019/20	Lead officer	To be delivered by
Post-election training and development for Members	Michelle Sacks / Katharine Nundy	October 2019
Development of a new Corporate Plan and refresh of the Transformation Programme	Katharine Nundy / Paul Julian	March 2020
Implementation of code of conduct arrangements	Michelle Sacks	March 2020

These actions will be recorded in service plans for 2019/20 and reported back in the next annual review. Where issues are not significant but related actions and/or projects are planned, these will also be recorded in service plans and reported as usual as part of the quarterly monitoring arrangements.

Progress made relating to the governance issues identified in last year's AGS is set out in section 6. The change of the external auditor and implementation of General Data Protection Regulations (GDPR) were successfully completed. The recommendation to establish a Standards Sub Committee to deal with Member Code of Conduct arrangements was agreed by Full Council on 21 January 2019.

Councillor Aaron Spencer, Leader of the Council:



Phil Drury, Chief Executive:



Signed on behalf of Boston Borough Council

2. What is Corporate Governance?

Corporate Governance is about how the Council ensures it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It is made up of the systems and processes, cultures and values by which the Council is directed and controlled.

We have adopted a local Code of Corporate Governance based on the Governance Framework developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (Solace) – “Delivering Good Governance”. This was adopted by full Council on 15 May 2017 and is available on our website at www.boston.gov.uk/governance.

Principle A: Integrity & ethics	Principle B: Openness & engagement	Principle C: Sustainable outcomes
How we do this:	How we do this:	How we do this:
Constitution and codes of conduct Member and management structures in place; clear roles and responsibilities e.g. CMT, Head of Paid Service, Section 151 Officer, Monitoring Officer, AGC Systems and procedures e.g. fraud, disciplinary, non-conformance, whistleblowing Communication of shared values	Forward plan of key decisions Communication via bulletins, press releases, web and social media, specific promotional campaigns Publication of live and planned consultations and results and outcomes for the last 3 years Feedback encouraged and lessons learned shared	Corporate Plan setting out our vision and corporate priorities Effective annual service planning arrangements in place with quarterly monitoring and reporting Transformation Programme with quarterly reporting to Transformation Board Effective contract and asset management arrangements in place

Principle D: Interventions	Principle E: Capacity	Principle F: Risk & performance	Principle G: Transparency
How we do this:	How we do this:	How we do this:	How we do this:
Scrutiny and decision making Committee report template Systems and procedures e.g. equality, project management, service planning Social value in Contract Procedure Rules	Councillor Development Charter awarded by East Midlands Councils (EMC) Learning and development plans Induction Efficient systems and technology	Effective risk, performance and financial arrangements AGC, external and internal audit Compliance with audit, finance and fraud requirements Information management and privacy impact assessments	Publication of transparency information Publication Scheme Freedom of Information Committee reports and information published online Open and transparent decision making

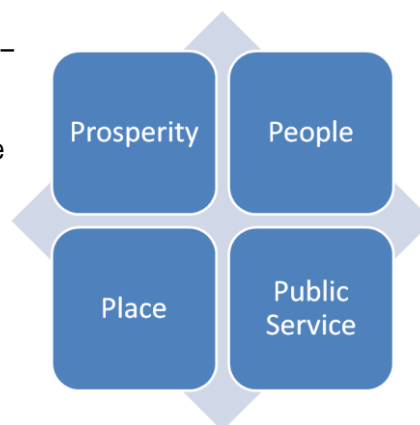
Each year we are required to assess compliance against the Framework and the Code of Corporate Governance in the Annual Governance Statement (AGS). Once approved, this becomes part of the Statement of Accounts and is published on our website, as above for full transparency and accountability.

3. The Council – how it works

The Council's vision is set out in the 'Council Plan 2016/17 to 2019/20: Boston – Open for Business'.

It sets out how we will continue to seek out new ways to promote prosperity, make Boston borough a safe and pleasant place to live, sustain services and protect and support the most vulnerable while continuing to meet the challenges set by Government.

This is available online at www.boston.gov.uk



Leadership and decision-making

- The Council is responsible for the adoption of the budget and policy framework
- Cabinet is responsible for its implementation
- The two Scrutiny Committees (Community & Corporate Committee and Environment & Performance Committee) hold Cabinet to account
- The AGC has particular responsibility for finance and governance
- The Chief Executive is Head of Paid Service and is responsible for all staff and for leading CMT
- The Section 151 Officer is responsible for safeguarding the Council's financial position and securing value for money
- Compliance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Statement on the role of the Chief Finance Officer.
- The Monitoring Officer is responsible for ensuring legality, good governance and promoting high standards of conduct
- Resources are directed in accordance with agreed policy and according to the priorities set out in the Corporate Plan and service plans
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and the local community
- Decision making is sound and inclusive, with decisions published on the Council's website

Risk management and assurance

- Strategic, operational and project risks are identified, monitored and reported
- Internal audit reports and the Assurance Statement are presented to AGC and published
- External audit reports and Value for Money conclusion also presented to AGC and published
- Local Government Ombudsman (LGO) report published annually and included in quarterly reporting
- External accreditation e.g. Member Development Charter

4. Performance outcomes and value for money

Performance outcomes:

Areas of success / improvement in Quarter 3 2018/19

- Planning performance continues to be on or better than target. The Government tracks planning performance over a cumulative 2-year period. Boston's performance is currently at 72.5% for majors (against a minimum standard of 60%) and 73.78% for minors and others (against a minimum standard of 70%).
- 44 businesses were visited to support business growth (compared to a target of 37).
- 368 housing completions compared to a target of 233.
- The number of non-local authority owned empty properties returned into occupation is better than target (actual 63 against a target of 45).
- Benefit and Council Tax Support (CTS) processing times are consistently better than target.
- 98.68% of food businesses are 'broadly compliant' with hygiene legislation (i.e. rated 3, 4 or 5) against a target of 95%.
- Swim sessions at Geoff Moulder Leisure Centre (GMLC) are better than target (actual 127,759 against a target of 124,000).
- Car parking permit income is better than budget (£17,359 compared to a target of £13,870)
- Average time taken to respond to information requests (Freedom of Information (FOI) and Environmental Information Regulations (EIR)) is better than target with an average of 6 working days against the statutory deadline of 20 working days. This is the same for Subject Access requests with an average response time of 25 days against the statutory deadline of one calendar month.
- Sickness absence is on or better than target.
- The percentage of abandoned calls to switchboard was below target (6.30% compared to 10%)

Performance: Areas of concern / watching brief in Quarter 3 2018/19

Housing standards

A two-year project is underway to deliver improved housing standards in the Borough. Housing pressures are acute with the private rented sector now constituting almost 30% of the housing stock in the area. The latest housing stock modelling indicates that over 1,500 dwellings in the private rented sector have category 1 Housing Health and Safety Rating System (HHSRS) hazards.

A programme of inspection is underway and there is a target for 200 homes to have improved housing standards by March 2020. The total delivered by the end of Q3 2018/19 is 38 homes, which reflects the time it takes for results to feed through following informal advice or notice. Recruitment to two vacant Housing Standards Officer posts is due to complete by the end of 2018/19.

Rough sleepers

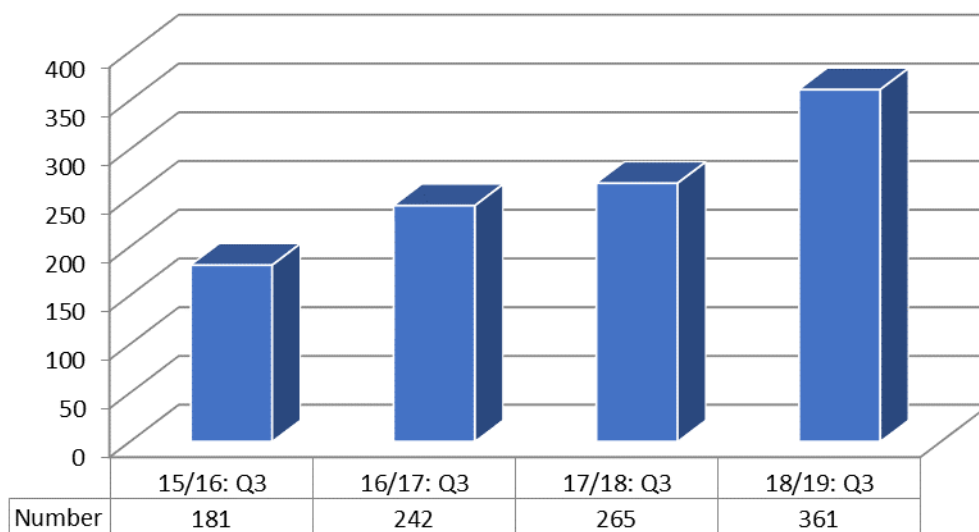
The official Rough Sleeper count submitted in 2018 was 22. This is an increase from 5 in 2016 and 15 in 2017. This equates to 7.77 rough sleepers per 10,000 households, which puts Boston 7th highest in these terms out of 326 districts in England. Anecdotally, partner organisations put the figure as high as 40 people who rough sleep on a regular basis.

On behalf of all Lincolnshire Local Authorities, Boston Borough Council has secured a grant of £234,235 from the Controlling Migration Fund to commission a Lincolnshire wide Rough Sleeper Reconnection project. In addition, the Council has submitted a Boston only bid for £145,000 to the Rough Sleeper Initiative fund for 2019/20 and will be submitting a further bid at the end of March 2019 to the Rapid Rehousing Pathway fund aimed at providing an integrated, intensive support programme to help rough sleepers off the street and to prevent those at risk of rough sleeping becoming street homeless.

Waste Strategy

Household waste reused, recycled and composted is worse than target at 44.15% against a target of 45.75%, which was the actual at the same time last year. Residual household waste per household is also worse than target at 404kg compared to the actual at the same time last year of 383kg. This reflects the regional and national trend and is being addressed by the Lincolnshire Waste Partnership (LWP) who are developing the Waste Strategy for Lincolnshire.

Number of fly tip incidents in Q3



The number of fly tipping incidents continues to increase. This may be partly due to increased reporting and proactive collections but it also reflects a national trend of increasing incidents.

1,253 fixed penalty notices have been issued since the service started in April 2017 to the end of Q3 in 2018/19.

Retail voids

The current empty void position across the main retail areas of the town (West Street, Town Centre) is 25. This figure has been consistent over the past 12 months, though it has not always been the same voids. The figure for the wider economic area is 75 which represents 10% of the overall retail footprint.

Business rates

Three major businesses ceased trading during 2018/19:

Business	Rateable Value	Annual Gross Rates
Fogarty Limited	802,790	£404,208
Blue Inc (Officers Club)	65,000	£32,760
Holdfast Haulage	100,000	£50,400

We are aware of three more major businesses which are currently at risk with a total rateable value of £737,750 and total 2018/19 Gross Rates of £357,729.

The current amount of business rates outstanding for all years (excluding 2018/19) is £322,000.

During 2018/19, £82,461 was written off in respect of rates outstanding for all years including 2018/19. There is an additional £131,255 (7 accounts) of Business Rates Bad debt request to write off included in the upcoming Q3 Financial Performance Report. A provision is made annually to take account of such estimated losses.

Markets occupancy

A new measure of market occupancy has been introduced in 2018/19 and shows a decline in occupancy to date this financial year. We will be able to compare trends when we have more data.

Average occupancy figures:			
Date	Wednesday Market	Bargate Green	Saturday Market
Oct-18	41	10	28
Nov-18	36	9	33
Dec-18	35	10	29
Jan-19	33	8	26
Feb-19	34	8.5	25

The decline of street markets countrywide is linked to broader issues of changes in retailing; and in particular, the changing nature of the 'high street'. As a nation, we are moving towards online shopping on several levels. Busy lifestyles mean we tend to shop in a one-stop shop; i.e. a large Supermarket where you can get everything you need in your weekly shop in one hit, 24 hours a day and even this can be delivered to your door. People no longer have the time to walk round the Market collecting their wares and working hours means convenience is coming first. However, people are keen to try and there is an argument to say that markets could play an important role in supporting new business creation through providing low cost entry points to retail trading and create jobs.

The Market provides a strong economy pull for the town, bringing visitors from away into the Town. Recent surveys through the Task and Finish Survey show the local businesses support the Market and do not want to lose it.

Summary of strategic risks

Corporate Priority	Risk name	Risk owner	Risk score	Risk rating	Management assurance (RAG)
1: Prosperity	Flood risk	Michelle Sacks	8	Medium	Amber
	Growth and local economy	Michelle Sacks	9	Medium	Green
	Local Plan	Michelle Sacks	6	Medium	Amber
2: People	Housing	Andy Fisher	12	High	Red
	Welfare	Paul Julian	4	Medium	Green
	Health	Phil Perry	6	Medium	Green
3: Place	Town Centre	Phil Perry	6	Medium	Green
4: Public Service	Population change	Andy Fisher	9	Medium	Green
	Budget	Paul Julian	12	High	Amber
	Capacity	Katharine Nundy	6	Medium	Green
	Transformation Programme	Paul Julian	9	Medium	Amber
	Brexit	Paul Julian	9	Medium	Green
Overall	Civil contingency risks	Andy Fisher	8	Medium	Green
	Compliance	Michelle Sacks	6	Medium	Green
	Reputation	Katharine Nundy	6	Medium	Green

The strategic risks were presented to AGC on 23 March 2019. No new risks have been identified and a full review of the strategic risks will take place alongside the Corporate Plan review in 2019/20. The Committee noted the two highest risks – housing and budget – and agreed no further action required at this time. Controls are in place for both:

- Housing: Local Plan; delivery of Housing Strategy actions; developing Transformation Programme to focus on wider housing enabling and housing delivery
- Budget: Medium Term Financial Strategy; budgetary process; sound level of reserves; continued close monitoring; refresh of transformation programme; maintenance of the value list

Value for money (VFM):

The latest Annual Audit Letter was reported to AGC in November 2018. The Council’s external auditors issued an unqualified opinion on the audit of the Council’s 2017/18 financial statements. The auditors also issued an unqualified conclusion on the Council’s arrangements to secure value for money for 2017/18. This means they are satisfied that during the year the Council had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources. To arrive at their conclusion the auditors looked at the Council’s arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties. They did not identify any significant matters which prevented them from giving an unqualified VFM conclusion.

5. How do we know our arrangements are working?



Internal Audit Combined Assurance Status Report – February

<https://moderngov.boston.gov.uk/documents/s6473/Combined%20Assurance%20Status%20Report%20-%20February%202019.pdf>

Key Messages:

- Out of a total of 143 areas reviewed, 130 (91%) have Green assurance, 12 (8%) have Amber assurance and 1 (1%) has Red assurance. The red assurance relates to the high risks identified above.
- This is a small improvement on last year (89% Green, 10% Amber and 1% Red).
- Assurance was obtained from management, corporate and 3rd Party and Internal Audit.
- Suggested next steps: The combined assurance results continue to be very encouraging and demonstrate that the Council is maintaining the improvements made in recent years. Internal Audit work is focused to ensure that areas of concern are considered for independent assurance through the Audit Plan.
- Management response: The Council will continue to focus on the governance arrangements and delivery of key transformation projects and areas requiring improvement, often in partnership with other bodies, to ensure that service quality, performance, cost and of course the internal control environment allow them to be managed efficiently and effectively.
- Eight amber assurance areas have been identified, only 2 of which are new for this year. Markets – income levels are lower than expected and a review is planned in 2019/20; nationally this is a declining activity. Bereavement Services – cremator maintenance; despite any issues, the service has continued to be managed safely

Internal Audit reports

17 internal audit reports were published in 2018/19 – 8 were high assurance and 9 were substantial assurance. There were no limited assurance audits. In 2017/18, there were 3 high assurance audits, 10 substantial assurance audits and no limited assurance audits.

In 2018/19 management have implemented 9 out of 12 recommendations due by the agreed target and have plans in place to implement the remaining 3 by the revised target date in June 2019. 28 recommendations were not yet due to be implemented by the time the annual report was published in May 2019.

6 high priority recommendations were made in 2018/19 and 27 medium priority recommendations.

- Town Centre events: 2 high priority recommendations around event fees and ticket sales have been implemented
- Business Continuity and Emergency Planning: 1 high priority recommendation to prioritise critical services – not yet due
- IT infrastructure follow up audit: 1 high priority recommendation to document the process for authorising access has been implemented
- Digital Strategy: 2 high priority recommendations around website compliance – not yet due

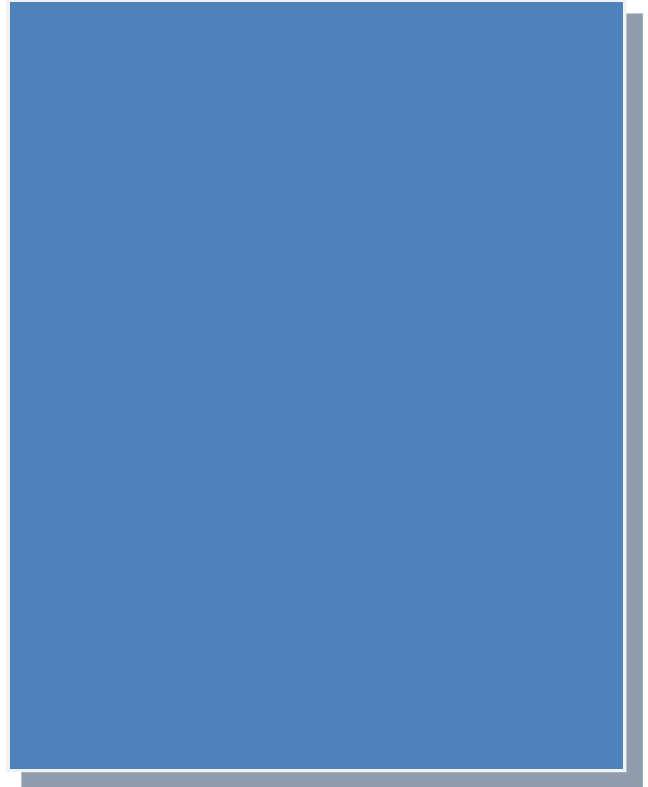
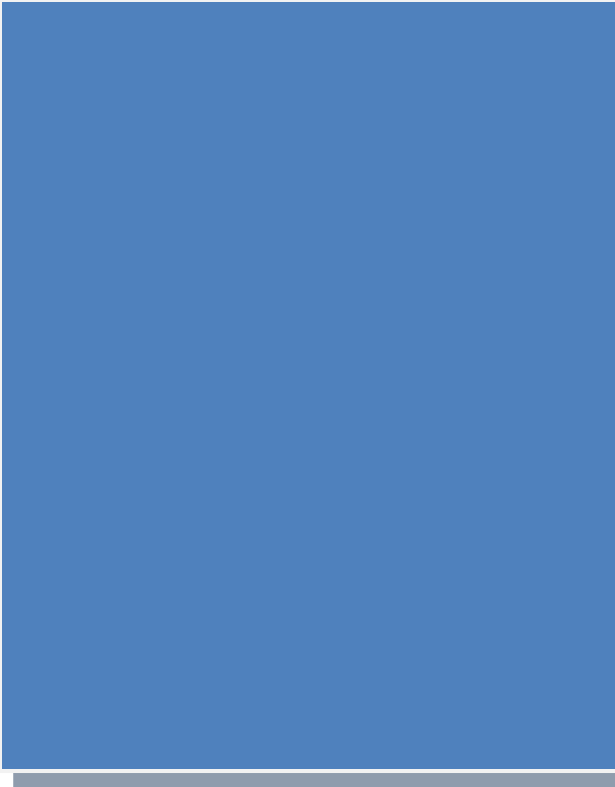
Full details are set out in the internal audit annual report for 2018/19:

<https://moderngov.boston.gov.uk/documents/s6861/Internal%20Audit%20Annual%20Report%202018-19.pdf>

4 high priority recommendations made and agreed in October 2017 as part of the Malware and IT infrastructure audits have also been completed as reported to AGC in the update report in January 2019:

<https://moderngov.boston.gov.uk/documents/s6062/Report.pdf>

The following assurance is in place:



Policies and procedures

- Advisory notices
- Annual and quarterly reporting and service planning
- Anti Fraud and Corruption Policy
- Asset Management Plan
- Boston Borough Council website
- Budget consultation
- Bulletin, press releases, promotional campaigns
- Business cases / options appraisals
- Capital programme
- Committee reports online
- Constitution and codes of conduct
- Consultation
- Corporate Plan vision and priorities
- Effective working relationships
- Efficient systems and technology
- Equality Analysis
- Financial Regulations and Contract Procedure Rules
- Forward Plan of key decisions
- Freedom of Information
- Information management and IT
- Learning and development plans
- Medium Term Financial Strategy, budget guidance and protocols
- Member Development Charter
- Open and transparent decision making
- Parish council partnership project
- People policies and recruitment
- Performance and risk management
- Privacy notices and assessments
- Publication Scheme and transparency data published
- Record of Processing Activity (RoPA)
- Shared values
- Social value in Contract Procedure Rules
- Transformation Programme
- Website and social media
- Whistleblowing Policy

6. Looking back on 2018/19

Action	Lead officer	Progress
Change of external auditor	Paul Julian	Mazars presented their first External Audit Plan to AGC in January 2019. There are no identified issues at this time.
Implementation of General Data Protection Regulations (GDPR)	Michelle Sacks	A Data Protection Officer (DPO) has been appointed. A Record of Processing Activity (RoPA) has been developed for all service areas. Privacy notices are in place and published. Privacy impact assessments are to be completed in future for any major process changes. Work continues with the Information Management Group to embed privacy considerations into all service areas.
Review of codes of conduct for officers and members	Michelle Sacks	The recommendation to establish a Standards Sub Committee to deal with Member Code of Conduct arrangements was agreed by Full Council on 21 January 2019. This was following recommendations made by the Code of Conduct Working Group and AGC.

Other key changes and improvements that have happened since the last AGS:

- The Annual Fraud Performance Report and policy updates were presented to AGC in May 2018 including the Anti-Fraud and Corruption Policy and the Prosecutions and Sanctions Policy
- The Annual Treasury Management Report was also presented to AGC in May 2018
- CMT completed their detailed review of all of the strategic risks in 2018/19. The strategic risks for 2019/20 will be reviewed alongside the development of the new Corporate Plan.
- As at the end of December 2018, 72% of the internal audit plan had been delivered against the target of 78%.
- AGC agreed the annual update to the accounting policies in January 2019.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOSTON BOROUGH COUNCIL

Report on the Financial Statements

Opinion

We have audited the financial statements of Boston Borough 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, the Collection Fund 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 Boston Borough Council as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

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 Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer 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 Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Financial Report, 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 Chief Finance Officer for the financial statements

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer 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 Chief Finance Officer 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 Boston Borough 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, Boston Borough 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 Boston Borough 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 Boston Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.



Mark Surrige
For and on behalf of Mazars LLP

45 Church Street
Birmingham
B3 2RT

29 July 2019

STATEMENT OF ACCOUNTS

2018/19

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts, delegated to the Audit and Governance Committee.

CHIEF FINANCE OFFICER 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 (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;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

CERTIFICATE

I hereby certify that the Statement of Accounts gives a 'true and fair' view of the financial position of the Council at the reporting date and of its expenditure and income for the year ended 31 March 2019.



Paul Julian
Chief Finance Officer
22 July 2019

FORMAL APPROVAL

I confirm that the Statement of Accounts was approved by the Audit and Governance Committee at its meeting held on 22 July 2019.

Signed on behalf of Boston Borough Council



Councillor Jonathan Noble
Chairman of the Audit and Governance Committee
22 July 2019

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure 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. The Council raises taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis (Note 7, page 51) and in the Movement in Reserves Statement (page 30)

2017/18 (Re-analysed*)				2018/19		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
462	(60)	402	Chief Executive	721	(15)	706
1,963	(1,101)	862	Deputy Chief Executive	1,893	(560)	1,333
18,967	(18,114)	853	Chief Finance Officer	18,456	(17,680)	776
1,305	(22)	1,283	Head of Corporate Services	1,407	(48)	1,359
3,126	(2,191)	935	Head of Regulatory Services	3,746	(2,341)	1,405
3,273	(1,749)	1,524	Head of Operations	3,535	(1,868)	1,667
4,843	(2,687)	2,156	Head of Place and Space	4,466	(2,667)	1,799
205	(27)	178	Boston Town Area Committee	409	(73)	336
34,144	(25,951)	8,193	Cost of Services	34,633	(25,252)	9,381
2,211	(126)	2,085	Other operating income and expenditure (Note 11)	2,344	(6)	2,338
2,834	(1,601)	1,233	Financing and investment income and expenditure (Note 12)	3,198	(2,634)	564
4,925	(16,176)	(11,251)	Taxation and non-specific grant income and expenditure (Note 13)	7,997	(19,881)	(11,884)
44,114	(43,854)	260	Deficit on Provision of Services	48,172	(47,773)	399
		(1,351)	Surplus or deficit on revaluation of property, plant and equipment			(1,970)
		(68)	Surplus on revaluation of property fund holdings			-
		(1,367)	Remeasurement of the net defined benefit liability			2,033
		(2,786)	Other Comprehensive Income and Expenditure			63
		(2,526)	Total Comprehensive Income and Expenditure			462

* Following a management restructure at the beginning of 2018/19, 2017/18 figures have been re-analysed to assist comparison.

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Statement shows how the movements in year of the 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 Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments, but before discretionary transfers to or from earmarked reserves.

Current Year 2018/19	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2018	(2,000)	(8,741)	(239)	(768)	(286)	(12,034)	(6,302)	(18,336)
Movement in Reserves during 2018/19								
Total Comprehensive Income and Expenditure	399	-	-	-	-	399	63	462
Adjustments between accounting basis and funding basis under regulations (Note 9)	(2,160)	-	-	16	-	(2,144)	2,144	-
(Increase) or Decrease in 2018/19	(1,761)	-	-	16	-	(1,745)	2,207	462
Transfer to/(from) Earmarked Reserves	1,778	(1,778)	-	-	-	-	-	-
Transfer to/(from) Other Reserves	(17)	-	-	-	17	-	-	-
Balance at 31 March 2019 carried forward	(2,000)	(10,519)	(239)	(752)	(269)	(13,779)	(4,095)	(17,874)

Comparative Year 2017/18	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Boston Town Area Committee £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2017	(1,653)	(6,850)	(113)	(347)	(83)	(9,046)	(6,764)	(15,810)
Movement in Reserves during 2017/18								
Total Comprehensive Income and Expenditure	260	-	-	-	-	260	(2,786)	(2,526)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(2,701)	-	(126)	(421)	-	(3,248)	3,248	-
(Increase) or Decrease in 2017/18	(2,441)	-	(126)	(421)	-	(2,988)	462	(2,526)
Transfer to/(from) Earmarked Reserves	1,891	(1,891)	-	-	-	-	-	-
Transfer to/(from) Other Reserves	203	-	-	-	(203)	-	-	-
Balance at 31 March 2018 carried forward	(2,000)	(8,741)	(239)	(768)	(286)	(12,034)	(6,302)	(18,336)

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 Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2018 £'000		Note	31 March 2019 £'000
27,431	Property, Plant and Equipment	16	34,026
7,953	Heritage Assets	17	1,604
4,029	Investment Property	18	4,407
49	Intangible Assets		105
1,111	Long-term Investments	19	20,627
83	Long Term Debtors		45
40,656	Long-term Assets		60,814
8,015	Short Term Investments	19	7,934
17	Inventories		-
5,074	Short Term Debtors	21	4,461
5,201	Cash and Cash Equivalents	23	3,524
18,307	Current Assets		15,919
(580)	Cash and Cash Equivalents – Bank Overdraft	23	(334)
-	Short Term Borrowing		(107)
(4,248)	Short Term Creditors	24	(3,844)
(1,254)	Provisions	25	(540)
(153)	Grants Receipts in Advance - Capital		(73)
(6,235)	Current Liabilities		(4,898)
(1,000)	Long Term Borrowing		(16,449)
(33,392)	Other Long Term Liabilities		(37,512)
(34,392)	Long Term Liabilities		(53,961)
18,336	Net Assets		17,874
(12,034)	Usable Reserves	26	(13,779)
(6,302)	Unusable Reserves	27	(4,095)
(18,336)	Total Reserves		(17,874)

CASH FLOW STATEMENT

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

2017/18 £'000		2018/19 £'000
(260)	Net (deficit) on the provision of services	(399)
3,699	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28)	4,118
(2,537)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28)	(808)
902	Net cash flows from Operating Activities	2,911
1,084	Net cash flows from Investing Activities (Note 29)	(19,215)
306	Net cash flows from Financing Activities (Note 30)	14,873
2,292	Net increase or (decrease) in cash and cash equivalents	(1,431)
2,329	Cash and cash equivalents at the beginning of the reporting period	4,621
4,621	Cash and cash equivalents at the end of the reporting period (Note 23)	3,190

1. ACCOUNTING POLICIES

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 must be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

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

Accruals of Income and Expenditure

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

- revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- 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 not carried as inventories on the Balance Sheet due to their immateriality;
- expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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 1 month or less at the 31 March 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.

Charges to Revenue for Non-Current Assets

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

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

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

Contingent Assets

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

Contingent Liabilities

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

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

Council Tax and Non-Domestic Rates

Boston Borough Council, as billing authority, acts as an agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as a principal, collecting council tax and NDR for itself. The Council is 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 NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

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

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.

Employee Benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave) 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 entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment 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.

Post-Employment Benefits

Employees of the Council are offered membership of the Local Government Pension Scheme, administered by Lincolnshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

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

- the liabilities of the Lincolnshire County Council 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 projected earnings for current employees;
- liabilities are discounted to their value at current prices, using a discount rate of 2.4% (based on the indicative rate of return on high quality corporate bond). For comparison, 2.6% was used in 2017/18;
- the assets of the Lincolnshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.

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

Service cost comprising:

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – 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, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure 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 at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the 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 transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The 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.

Events after the Reporting Period

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

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

Fair Value Measurement

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

When measuring the fair value of a non-financial asset, the 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.

Financial Instruments

Financial Liabilities

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

For the Council's long term borrowing, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the 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 cash flow 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 Council'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 (i.e. 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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, 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.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. However, in November 2018 the Ministry of Housing, Communities and Local Government (MHCLG) granted a 5-year statutory override that permits fair value gains and losses to be reversed out in the Movement in Reserves Statement.

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.

For Financial Assets Measured at Fair Value through Profit or Loss monthly dividend/distribution income receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Heritage Assets

The Council's Heritage Assets are held in storage, at the Municipal Buildings and Guildhall, and also located at various sites in and around Boston. The Guildhall has collections of heritage assets which are held in support of the primary objective of the Museum i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council's collection of heritage assets is accounted for as follows:

Civic Regalia

The Council's Civic Regalia was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value. Civic Regalia are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Museum Collection

The museum collection is varied and is categorised into Archaeology, Coins and Medals, Fine Art, Natural History, Social History and Ethnographic collections. In addition there is a small group of objects which have not been accessioned into the collection and form the Educational /Handling collection. The Collection was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value. The museum collection is deemed to have indeterminate lives and a high residual value; hence, the Council does not consider it appropriate to charge depreciation.

Coins and Medals

The numismatics collection accounts for roughly a tenth of the overall museum collection. The coins date from the Roman Empire through to the twentieth century and are from Europe (including Scandinavia), the United Kingdom (including the Channel Islands) and other countries such as Japan, Hong Kong, Morocco and others. The majority of these were minted in the nineteenth and twentieth centuries with some earlier periods represented, particularly in the Roman coins.

Trading tokens constitute a small but significant area of the collection. There are examples from the borough area, covering approximately the last four centuries, as well as two sixteenth century German examples and a fifteenth century French token. In addition there are also trading tokens within the collection listed as unprovenanced and are connected to places outside of the borough boundaries.

Whilst the medals are mostly nineteenth century and commemorative the collection of coins is widely varied in terms of chronological and geographical range. The medals can be divided into nationally commemorative and locally commemorative. The national medals focus on royal occasions; coronations and marriages for example whilst the locally commemorative medals are celebrating local events or occasions within Boston and its borough.

Art Collection

Art makes up the second largest element of the museum collection. The collection is largely works of local scenes including maritime themes and portraits of past town Mayors. The majority of artists are linked to the town with a few such as Enderby and Eddy who are recognised nationally. All of the works in this collection are two dimensional and cover a wide range of media: watercolours, oil, pencil, pastel and prints. The more significant works have been valued and are reported in the Balance Sheet at their insurance valuation..

Silverware, Charters, etc

The silverware and related collection items include gold, silver and brass items and the more significant pieces are reported in the Balance Sheet at their insurance valuation.

Archaeology

The archaeological collection is the third largest collection at the museum. The objects are placed into this categorisation if they are found and acquired by archaeological means, for example from an excavation site or as a casual find. The majority of this collection has been acquired through donation, either by individual donors or by the Boston Archaeology Group.

The collection is sub-divided by period; Prehistoric, Roman, Saxon/Viking, Medieval (1000-1500) and post Medieval (1500–1800), which is then further sub-divided into sixteenth, seventeenth and eighteenth century and general. Acquisitions are initially recognised at cost, or if bequeathed or donated at nil consideration.

Natural History

A small selection of natural history specimens is held in the museum collection. During the 1920's and 1930's a significant part of this collection was donated. These objects included shells and coral from the South Sea Islands, fossils, animal tusks and bones and geological specimens such as minerals, crystals and lava fragments. As this collection of objects was one of the earliest significant donations to enter the museum, it is presumed that the displays and reputation of the museum would have been initially based around these objects. Therefore this collection of objects will be retained and cared for by the Council as part of its historic collections. The Council does not consider that reliable cost or valuation information can be obtained for its natural history collection. This is because of the nature of the assets held and lack of comparable market values.

Social History

The largest of the collections and most varied being comprised of mostly 19th and 20th century collection material which is sub-divided into smaller categorised collections which are derived from the Social History and Industrial Classification system; Community, Domestic, Personal and Working. Community life is the broadest category covering areas from entertainment to religion whilst also encompassing the specific areas of the Pilgrim Fathers and a collection of items relating to the Odd Fellows Society. In addition to the varied objects and documents that form these collections there are also collections of decorative arts, three-dimensional art and costume. The more significant objects are recorded in the balance sheet at valuation by an external valuer.

Ethnography

This is a small collection where the objects have been categorised due to them being non-British, not belonging within any of the other collections and not being related to Boston, Massachusetts (in which case objects are classified as Social History).

Handling/Education

A small collection of objects which has not been accessioned into the collection as its purpose is purely for educational reasons and for handling.

Other Ancient Monuments and Heritage Sites in the Boston Area

The Council does not consider that reliable cost or valuation information can be obtained for its ancient monuments. This is because of the nature of the assets held and lack of comparable market values. Consequently, the Council recognises these assets on the balance sheet at nil value.

Heritage sites (such as the War Memorial in Strait Bargate) are held on the balance sheet at their insurance valuation.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairments 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. Items are rarely disposed of however in such circumstances the proceeds are accounted for in accordance with the Council's general provisions relation to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Intangible Assets

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

Intangible assets are measured initially at cost and are carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life, beginning in the year following acquisition, to the relevant service line in the Comprehensive Income and Expenditure Statement. Depreciation is calculated on the following basis:

- Computer software and licences – straight line basis over a maximum of five years.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, the amortisation charge is not permitted to have an impact on the General Fund Balance. It is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Investment Property

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

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

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

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 has no finance lease commitments as at 31 March 2019.

The Council as Lessee – 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 - 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 Financing and Investment Income and 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.

Material Items of Income or Expense

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

Overheads and Support Services

Following revisions to the Accounting Code, the cost of overheads and support services are not charged to service segments, within the Financial Statements, in accordance with the Council's arrangements for accountability and financial performance. However, they are apportioned to comply with the requirements of various government returns.

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

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

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

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

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. 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.

The de-minimus limit for land and buildings is £10,000 and £5,000 for equipment. Items below this level are charged to revenue in year of acquisition.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- operational heritage asset – Guildhall, Boston – depreciated replacement cost as asset is of a specialist nature;
- 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 fair 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. Residual values will be nil, unless otherwise stated.

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 current 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 Surplus or Deficit on the Provision of Services 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(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

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

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life i.e. freehold land and assets that are not yet available for use i.e. assets under construction. Newly acquired assets are first depreciated in the year following their acquisition.

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation, normally over five to ten years, determined by the manager of the relevant section which derives service benefit from the asset.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Materiality levels have been assessed and based on gross carrying values, componentisation for secondary components will only be undertaken where the buildings value exceeds £0.5m and when the triggers for componentisation are present – i.e. revaluation or enhancement expenditure incurred after 1 April 2010.

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, where considered material.

Disposals and Non-current Assets held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the 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 is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

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

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.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

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

Value Added Tax (VAT)

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.

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code) has introduced changes to accounting standards, which will be required from 1 April 2019.

- Amendments to IAS 40 *Investment Property: Transfers of Investment Property*;
- *Annual Improvements to IRFS Standards 2014-2016 Cycle*;
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*;
- IFRIC 23 *Uncertainty over Income Tax Treatments*;
- Amendments to IFRS 9 *Financial Instruments: Prepayment Features with Negative Compensation*.

It is not anticipated that the above amendments will have a material impact on the information provided in the financial statements, i.e. there is unlikely to be material change to the reported information in the net cost of services or the Surplus or Deficit on the Provision of Services.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out at 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:

- There is uncertainty about future levels of funding for local government notably issues around welfare reform, localisation of Business Rates and the upcoming Fairer Funding and Spending Reviews. Government have said that Councils will get to keep 75% of business rates income from 2020, but will also need to take on new responsibilities. The Council has determined that the information regarding this 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.
- One factor that has had a demonstrable impact in the past few years on the accounts concerns the assumptions surrounding pensions and the likelihood of legislative change and the impact of such change. The sensitivity analysis, shown in note 40 page 90, estimates the likely impact of changes to the assumptions used when reporting the pension liability.
- It is anticipated that no substantial legal claims or appeals will be made against the Council in the next financial year.
- No contracts exist with other bodies which need to be accounted for as a service concession or contain an embedded lease.

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

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

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

Property, Plant and Equipment – Operational Buildings - Carrying Value at 31 March 2019 £29.287m

The Council's Operational Buildings, categorised under Other Land and Buildings, are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £130,000 for every year that useful lives had to be reduced.

Business Rates Appeals Provision - Carrying Value of Boston Borough Council's Share at 31 March 2019 £0.540m

Since the introduction of the Business Rate Retention Scheme effective from 1 April 2013, local authorities need to account for any reduction in Business Rates income and repayment to ratepayers, in respect of successful appeals against business rates for the current and earlier years. A provision has been made in the accounts based on the best estimate of the amount that the Council might need to repay as a result of successful appeals up to 31 March 2019. For appeals already lodged, this estimate has been calculated using the latest Valuation Office Agency list of outstanding appeals with an assessment being made of the likely impact of those appeals, taking into account past national decisions together with any specific/local implications. An assessment has been undertaken by an external provider, and reviewed by officers to reflect local circumstances. A new three-stage appeals process was introduced on 1 April 2017, for appeals against the new 2017 rating list. The Council is yet to receive any appeals lodged against the rating list; therefore, a provision has been made based on officers' views of an external assessment of the potential losses arising as a result of appeals being successful.

The Council's share of the provision as at 31 March 2019 (for 2018/19, 60% of £0.900m) is £0.540m.

Pensions Liability- Carrying Value at 31 March 2019 £37.512m

The estimation of the net liability at 31 March 2019 to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Hymans Robertson LLP, is engaged to provide expert advice about the assumptions to be applied.

During 2018/19, the actuaries advised that the net pensions liability had increased by £4.120m. This is made up of:

- £2.033m actuarial loss
- £2.087m loss arising from employer contributions of £1.516m being less than the pension obligations of £3.603m.

Debt Impairment for Housing Benefit Overpayments - Carrying Value at 31 March 2019- £2.375m

Estimates for doubtful debts are an officer judgement based on prudent historical collection rates and taking into account knowledge of existing conditions in relation to outstanding debt; particularly given the current economic climate and future changes to welfare reform.

At 31 March 2019 the Council had a balance on housing benefit overpayments of £2.764m. An officer review suggested that an impairment of doubtful debts of 85.93% (£2.375m) was appropriate; this being due to risks regarding the Council's ability to reclaim overpayments in the future, once the responsibility for housing benefit has been transferred to the Department for Work and Pensions.

Fair Value Measurements - Carrying Values at 31 March 2019 Investment Properties £4.407m; Property Fund Holdings £20.627m

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) 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.

Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example investment properties, the external valuer provides the relevant figures).

Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 18 and 19.

5. MATERIAL ITEMS OF INCOME AND EXPENSE

There are no such items in the 2018/19 Comprehensive Income and Expenditure Statement.

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 22 July 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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 the Council in comparison with those resources consumed or earned by it in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18 (Re-analysed*)				2018/19		
Net Expenditure Chargeable to the General Fund balance £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		Net Expenditure Chargeable to the General Fund balance £'000	Adjustments between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
369	33	402	Chief Executive	289	417	706
835	27	862	Deputy Chief Executive	936	397	1,333
685	168	853	Chief Finance Officer	657	119	776
1,133	150	1,283	Head of Corporate Services	1,202	157	1,359
806	129	935	Head of Regulatory Services	1,137	268	1,405
1,020	504	1,524	Head of Operations	1,221	446	1,667
288	1,868	2,156	Head of Place and Space	480	1,319	1,799
140	38	178	Boston Town Area Committee	286	50	336
5,276	2,917	8,193	Net Cost of Services	6,208	3,173	9,381
2,203	(118)	2,085	Other operating income and expenditure	2,884	(546)	2,338
32	1,201	1,233	Financing and investment income and expenditure	(765)	1,329	564
(9,952)	(1,299)	(11,251)	Taxation and non-specific grant income and expenditure	(10,088)	(1,796)	(11,884)
(2,441)	2,701	260	(Surplus)/Deficit	(1,761)	2,160	399
			Opening General Fund Balance (including Earmarked Reserves)	(11,027)		
(8,586)			(Surplus)/ deficit on General Fund Balance in year	(1,761)		
(2,441)			Closing General Fund Balance, Earmarked Reserves and BTAC	(12,788)		
(11,027)						

* Following a management restructure at the beginning of 2018/19, 2017/18 figures have been re-analysed to assist comparison.

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2018/19			
	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Chief Executive	-	421	(4)	417
Deputy Chief Executive	311	81	5	397
Chief Finance Officer	13	105	1	119
Head of Corporate Services	65	84	8	157
Head of Regulatory Services	59	196	13	268
Head of Operations	268	178	-	446
Head of Place and Space	1,191	128	-	1,319
Boston Town Area Committee	39	10	1	50
Net Cost of Services	1,946	1,203	24	3,173
Other operating income and expenditure	(546)	-	-	(546)
Financing and investment income and expenditure	445	884	-	1,329
Taxation and non-specific grant income and expenditure	(80)	-	(1,716)	(1,796)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	1,765	2,087	(1,692)	2,160

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2017/18 (Re-analysed)			
	Adjustments for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Chief Executive	1	26	6	33
Deputy Chief Executive	(69)	91	5	27
Chief Finance Officer	40	121	7	168
Head of Corporate Services	58	94	(2)	150
Head of Regulatory Services	(76)	222	(17)	129
Head of Operations	308	193	3	504
Head of Place and Space	1,724	153	(9)	1,868
Boston Town Area Committee	33	5	-	38
Net Cost of Services	2,019	905	(7)	2,917
Other operating income and expenditure	(118)	-	-	(118)
Financing and investment income and expenditure	365	836	-	1,201
Taxation and non-specific grant income and expenditure	(1,665)	-	366	(1,299)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement (Surplus) or Deficit on the Provision of Services	601	1,741	359	2,701

Adjustments for Capital Purposes

This 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. This line also includes revaluation adjustments relating to Investment Properties and fair value movements on property fund holdings.
- **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.

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.

Other Adjustments

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute:

- For **Services** – the other differences column recognises adjustments to the General Fund for accumulated absences.
- For **Financing and investment income and expenditure** – the change in fair value of financial assets measured at fair value through Profit and Loss. For the Council, these relate to Property Fund Holdings.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

8. SEGMENTAL INCOME

Income received on a segmental basis is analysed below:

Service Segment	Income Area	2017/18 Income from Services £'000	2018/19 Income from Services £'000
Head of Regulatory Services	Building Control	(166)	(130)
Head of Regulatory Services	Planning	(653)	(417)
Head of Regulatory Services	Land Charges	(100)	(89)
Head of Regulatory Services	Licensing	(129)	(148)
Head of Operations	Garden Waste	(389)	(400)
Head of Operations	Bereavement	(791)	(807)
Head of Operations	Trade Waste	(178)	(213)
Head of Place and Space	Parking	(982)	(1,013)
Head of Place and Space	Markets	(167)	(143)
Head of Place and Space	Leisure	(783)	(796)
Total Income analysed on a segmental basis		(4,338)	(4,156)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at 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 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 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	Usable Reserves		
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.			
Pensions costs	(2,087)	-	-
Movement in the fair value of property funds	(473)	-	-
Council tax and business rates	1,717	-	-
Holiday pay	(24)	-	-
Movement in the market value of Investment Property	13	-	-
Capital grants and contributions applied to capital financing	655	-	-
Capital grants and contributions not applied to capital financing	153	-	(153)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	(2,697)	-	-
Total Adjustments to Revenue Resources	(2,743)	-	(153)
Adjustments between Revenue and Capital Resources			
Statutory provision for the repayment of debt	15	-	-
Capital expenditure financed from revenue balances	568	-	-
Total Adjustments between Revenue and Capital Resources	583	-	
Adjustments to Capital Resources			
Application of capital grants to finance capital expenditure	-	-	169
Total Adjustments	(2,160)	-	16

Comparative figures 2017/18	Usable Reserves		
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements.			
Pensions costs	(1,741)	-	-
Council tax and business rates	(366)	-	-
Holiday pay	7	-	-
Movement in the market value of Investment Property	(591)	-	-
Capital grants and contributions applied to capital financing	1,788	-	-
Capital grants and contributions not applied to capital financing	622	-	(622)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	(2,772)	-	-
Total Adjustments to Revenue Resources	(3,053)	-	(622)
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds to Capital Receipts Reserve	126	(126)	-
Capital expenditure financed from revenue balances	226	-	-
Total Adjustments between Revenue and Capital Resources	352	(126)	
Adjustments to Capital Resources			
Application of capital grants to finance capital expenditure	-	-	201
Total Adjustments	(2,701)	(126)	(421)

10. MOVEMENTS 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.

Reserve	Balance at 1 April 2017 £'000	Transfers In 2017/18 £'000	Transfers Out 2017/18 £'000	Balance at 31March 2018 £'000	Transfers In 2018/19 £'000	Transfers Out 2018/19 £'000	Balance at 31March 2019 £'000
Capital Funding	(2,655)	(1,163)	183	(3,635)	(1,165)	391	(4,409)
Transformation Reserve	(927)	(71)	124	(874)	(354)	137	(1,091)
Repairs and Renewals	(671)	(60)	17	(714)	(50)	47	(717)
ICT Reserve	(424)	-	27	(397)	-	3	(394)
Housing Reserve	(1,114)	(111)	72	(1,153)	(332)	307	(1,178)
Controlling Migration	-	(489)	-	(489)	(531)	473	(547)
Climate Change Reserve	(135)	(15)	-	(150)	-	150	-
Insurance Reserve	(230)	(30)	-	(260)	(30)	-	(290)
Misc. Earmarked Reserves	(13)	-	3	(10)	-	10	-
Risk Mitigation Reserve	-	-	-	-	(275)	-	(275)
Tax Reserve	(681)	(378)	-	(1,059)	(579)	20	(1,618)
Total	(6,850)	(2,317)	426	(8,741)	(3,316)	1,538	(10,519)

11. OTHER OPERATING INCOME AND EXPENDITURE

2017/18 £'000		2018/19 £'000
352	Parish council precepts	438
	Internal Drainage Board levies	
1,023	Witham Fourth	1,044
773	Black Sluice	785
54	Welland and Deeping	54
1	South Holland	1
(118)	(Gains) / losses on disposal of non-current assets	16
2,085	Total	2,338

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017/18 £'000		2018/19 £'000
111	Interest payable and similar charges	250
836	Net interest on the net defined benefit liability	884
(115)	Interest receivable and similar income	(99)
-	Income receivable from property fund holdings	(566)
-	Movement in fair value of property funds in year	473
401	Income and expenditure in relation to investment properties and changes in their fair value	(378)
1,233	Total	564

13. TAXATION AND NON-SPECIFIC GRANT INCOME AND EXPENDITURE

2017/18 £'000		2018/19 £'000
(4,311)	Council tax income	(4,538)
	Non-domestic rates income and expenditure	
(2,630)	Retained Business Rates after payment of tariff	(5,346)
(969)	Revenue Support Grant	-
(1,676)	Non ring- fenced Government grants	(1,920)
(1,665)	Capital grants and contributions	(80)
(11,251)	Total	(11,884)

14. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income	2017/18 £'000	2018/19 £'000
Expenditure		
Employee benefits expenses	9,575	10,344
Other service expenses	5,005	5,216
Transfer payments	16,807	16,586
Depreciation, amortisation, impairment	2,249	1,798
Revenue expenditure financed from capital under statute	536	877
Loss on revaluation of Investment Property	654	62
Loss on the fair value of property funds	-	552
Interest payments (including pensions interest)	2,152	2,396
Parish precepts and Internal Drainage levies	2,203	2,322
Business Rates Tariff	4,925	7,997
Loss on disposal of assets	8	22
Total Expenditure	44,114	48,172
Income		
Fees, charges and other service income	(6,795)	(6,412)
Income from Investment Property	(217)	(553)
Interest and investment income (including return on pension fund assets)	(1,320)	(1,927)
Income from sale of fixed assets	(126)	(6)
Gain from revaluation of Investment Property	(63)	(75)
Gain on the fair value of property funds	-	(79)
Income from council tax and non-domestic rates	(11,866)	(17,881)
Government and other grants and contributions	(23,467)	(20,840)
Total Income	(43,854)	(47,773)
Deficit on the Provision of services	260	399

15. REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at the end of the year is:

	2017/18 £'000	2018/19 £'000
Not later than one year	-	127
Later than one year	-	-
Amounts of transaction price, partially or fully unsatisfied	-	127

The revenue expected to be recognised in the future relates to Planning Application income (£114k) and Building Plan Applications (£13k), where the revenue has been received in advance of the performance obligations.

The method used to recognise revenue in the year is based on an assessment of the percentage completed of the performance obligations.

16. PROPERTY, PLANT AND EQUIPMENT - Movements on Balances

Movements in 2018/19	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2018	26,541	3,350	62	5	29,958
Additions	116	309	-	-	425
Revaluation increases/decreases recognised in the Revaluation Reserve	475	-	-	69	544
De-recognition - Disposals	-	(117)	-	-	(117)
De-recognition - Other	(35)	-	-	-	(35)
Assets reclassified from Heritage Assets	6,349	-	-	-	6,349
Assets reclassified to Investment Property	(350)	-	-	-	(350)
At 31 March 2019	33,096	3,542	62	74	36,774
Accumulated Depreciation and Impairment					
At 1 April 2018	-	(2,465)	(62)	-	(2,527)
Depreciation Charge	(1,469)	(333)	-	-	(1,802)
Depreciation written out to the Revaluation Reserve	1,426	-	-	-	1,426
Depreciation written out to the Surplus/Deficit on the Provision of Services	25	-	-	-	25
De-recognition - Disposals	-	112	-	-	112
De-recognition - Other	18	-	-	-	18
At 31 March 2019	-	(2,686)	(62)	-	(2,748)
Net Book Value					
At 31 March 2019	33,096	856	-	74	34,026
At 31 March 2018	26,541	885	-	5	27,431

Comparative Movements in 2017/18	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Total Property Plant and Equipment
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2017	26,670	6,026	62	5	32,763
Additions	253	69	-	-	322
Revaluation increases/decreases recognised in the Revaluation Reserve	170	-	-	-	170
Revaluation increases/decreases recognised in the Surplus/Deficit on the Provision of Services	(552)	-	-	-	(552)
De-recognition - Disposals	-	(2,745)	-	-	(2,745)
At 31 March 2018	26,541	3,350	62	5	29,958
Accumulated Depreciation and Impairment					
At 1 April 2017	-	(4,822)	(62)	-	(4,884)
Depreciation Charge	(1,263)	(380)	-	-	(1,643)
Depreciation written out to the Revaluation Reserve	1,248	-	-	-	1,248
Depreciation written out to the Surplus/Deficit on the Provision of Services	15	-	-	-	15
De-recognition - Disposals	-	2,737	-	-	2,737
At 31 March 2018	-	(2,465)	(62)	-	(2,527)
Net Book Value					
At 31 March 2018	26,541	885	-	5	27,431
At 31 March 2017	26,670	1,204	-	5	27,879

Depreciation

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

- Other land and buildings 2 - 55 years
- Vehicles, Plant and Equipment 1 - 10 years

Capital Commitments

There were no significant capital commitments in existence at 31 March 2019.

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at current value is regularly revalued. All valuations are carried out externally. Valuations of land and buildings 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 Global Standards 2017 as supported by the UK National Supplement issued in November 2018. Revaluations during 2018/19 were undertaken by Darren Fabris BSc (Hons) MRICS, RICS Registered Valuer (Kier Business Services).

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000	Surplus Assets £'000	Total £'000
Carried at historical cost	-	856	-	856
Valued at current value 31 March 2019	33,096	-	74	33,170
Total Cost or Valuation	33,096	856	74	34,026

17. HERITAGE ASSETS

Reconciliation of the carrying value of Heritage Assets held by the Council.

2018/19	Cost or Valuation at 1 April 2018 £'000	Re-classified in year * £'000	Cost or Valuation at 31 March 2019 £'000
Coins and Medals	4	-	4
Art Collection	526	-	526
Silverware, Charters and Civic Regalia	679	-	679
Archaeology	2	-	2
Ancient Monuments and Heritage Sites in Boston	6,388	(6,349)	39
Social History	349	-	349
Unaccessioned Pieces	5	-	5
Total	7,953	(6,349)	1,604

* The Guildhall, which is the town museum, tourist information centre and also available for private hire has been re-classified as an operational asset in accordance with the requirements of the CIPFA Code of Practice. This asset is now recognised under Other Land and Buildings (Note 16).

2017/18	Cost or Valuation at 1 April 2017 £'000	Revaluations £'000	Cost or Valuation at 31 March 2018 £'000
Coins and Medals	4	-	4
Art Collection	525	1	526
Silverware, Charters and Civic Regalia	679	-	679
Archaeology	2	-	2
Ancient Monuments and Heritage Sites in Boston	6,456	(68)	6,388
Social History	349	-	349
Unaccessioned Pieces	5	-	5
Total	8,020	(67)	7,953

The Council's Heritage Assets are held in storage, at the Municipal Buildings and Guildhall, and also located at various sites in and around Boston. The Guildhall has collections of heritage assets which are held in support of the primary objective of the Museum i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area.

All the assets have been in the Council's ownership for a number of years and are held for their intrinsic worth as opposed to financial gain. As such they are unlikely to be sold. There were no additions or disposals in the current financial year.

The Council's collection of heritage assets is accounted for as follows:

Ancient Monuments and Heritage Sites

The War Memorial in Strait Bargate, Boston is held on the balance sheet at its insurance valuation.

The Council does not consider that reliable cost or valuation information can be obtained for its ancient monuments. This is because of the nature of the assets held and lack of comparable market values. Consequently the Council recognises these assets on the balance sheet at nil value.

Civic Regalia

The Council's Civic Regalia was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value.

Museum Collection

The museum collection is varied and is categorised into Archaeology, Coins and Medals, Fine Art, Natural History, Social History and Ethnographic collections. In addition there is a small group of objects which have not been accessioned into the collection and form the Educational /Handling collection. The Collection was last valued by Bonham's in January 2017 and was based on its insurance valuation as proxy for market value.

The Head of Service responsible for the service area which maintains the museum collection has indicated that the value shown on the Balance Sheet reflects all items of material value to the Council.

18. INVESTMENT PROPERTIES

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

	2017/18 £'000	2018/19 £'000
Rental income from investment property	(217)	(553)
Direct operating expenses arising from investment property	27	188
Net (gains)/losses from fair value adjustments	591	(13)
Net gain/(loss)	401	(378)

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

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

	2017/18 £'000	2018/19 £'000
Balance at start of the year	3,281	4,029
Additions		
• Subsequent expenditure	1,339	14
Net gains/losses from fair value adjustments	(591)	13
Transfers from Property, Plant and Equipment	-	350
Other Movements	-	1
Balance at end of year	4,029	4,407

Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2019 is as follows:

Recurring fair value measurements using:	Significant unobservable inputs (Level 3)	Significant unobservable inputs (Level 3)
	2017/18 £'000	2018/19 £'000
Commercial Industrial Units	657	657
Other Commercial Property	3,372	3,750
Balance at end of year	4,029	4,407

Valuation Techniques Used to Determine Level 3 for Investment Properties

Significant Unobservable Inputs – Level 3

Industrial units and commercial property located in the district are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted to establish the present value of the income stream. This approach has been developed using the Council's own data requiring it to factor in assumptions e.g. duration and timing of cash inflows and outflows, rent growth, occupancy levels etc.

The Council's investment properties 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).

Highest and best use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

Valuation Process for Investment Properties

The fair value of the Council's investment properties is measured at each reporting date. All valuations are carried out externally by Darren Fabris BSc (Hons) MRICS, RICS Registered Valuer of Kier Business Services, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors Global Standards 2017 as supported by the UK National Supplement issued in November 2018. The Council's valuation experts work closely with finance officers regarding all valuation matters.

19. FINANCIAL INSTRUMENTS

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

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

Financial Assets	Non-Current				Current				Total	
	Long-term Investments		Long-term Debtors		Short-term Investments		Short-term Debtors		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										
Investments										
Principal	-	-	-	-	8,000	7,750	-	-	8,000	7,750
Accrued Interest	-	-	-	-	10	21	-	-	10	21
Cash and cash equivalents										
Principal	-	-	-	-	5,195	3,518	-	-	5,195	3,518
Accrued Interest	-	-	-	-	5	5	-	-	5	5
Mortgages and car loans	-	-	83	45	-	-	-	-	83	45
Trade debtors	-	-	-	-	-	-	1,742	1,541	1,742	1,541
Amortised Cost Total	-	-	83	45	13,210	11,294	1,742	1,541	15,035	12,880
Fair Value through Profit and Loss										
Property Fund Holdings										
Net Asset Value	1,111	20,627	-	-	-	-	-	-	1,111	20,627
Accrued Income	-	-	-	-	5	163	-	-	5	163
Total financial Assets	1,111	20,627	83	45	13,215	11,457	1,742	1,541	16,151	33,670

Financial Liabilities	Non-Current				Current				Total	
	Long-term Borrowings		Long-term Creditors		Short-term Borrowings		Short-term Creditors		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										
External borrowing										
Principal	(1,000)	(16,449)	-	-	-	-	-	-	(1,000)	(16,449)
Accrued Interest	-	-	-	-	-	(107)	-	-	-	(107)
Bank overdraft	-	-	-	-	(580)	(334)	-	-	(580)	(334)
Trade creditors	-	-	-	-	-	-	(1,701)	(1,627)	(1,701)	(1,627)
Total financial liabilities	(1,000)	(16,449)	-	-	(580)	(441)	(1,701)	(1,627)	(3,281)	(18,517)

External Borrowing - Analysis	Long Term 31 March 2018 £'000	Short Term 31 March 2018 £'000	Long Term 31 March 2019 £'000	Short Term 31 March 2019 £'000
Public Works Loan Board (PWLB)	-	-	(15,449)	(107)
Other Market Debt	(1,000)	-	(1,000)	-
	(1,000)	-	(16,449)	(107)

Reclassification and remeasurement of financial assets at 1 April 2018

The Council has adopted IFRS9 Financial Instruments, as required by the Code of Practice on Local Authority Accounting. The following table shows the effect of reclassification of financial assets following adoption and the Remeasurements of carrying amounts at 1 April 2018.

	Carrying amount at 1 April 2018 £'000	New Classifications at 1 April 2018	
		Amortised Cost £'000	Fair Value through Profit and Loss £'000
Previous classifications			
Loans and receivables	15,035	15,035	-
Available for Sale	1,116	-	1,116
	16,151	15,035	1,116

With the adoption of IFRS9 Financial Instruments the Available for Sale Financial Asset category no longer exists. The new standard requires that the Council's Property Fund holdings are to be classified as fair value through profit and Loss.

Effect of asset reclassification and Remeasurement on the Balance Sheet

This note shows how the new balances at 1 April 2018 for financial assets are incorporated into the Balance Sheet.

	Amortised Cost £'000	Fair Value through Profit and Loss £'000	Total Balance Sheet carrying amount £'000
Remeasured carrying amounts at 1 April 2018	15,035	1,116	16,151
Reclassified amounts:			
Long-term investments	-	1,111	1,111
Short-term investments	13,210	5	13,215
Long-term debtors	83	-	83
Short-term debtors	1,742	-	1,742
	15,035	1,116	16,151

Income, Expense, Gains and Losses

	2017/18 Surplus or Deficit on the Provision of Services £'000	2018/19 Surplus or Deficit on the Provision of Services £'000
Net gains/losses on:		
Financial assets measured at fair value through profit and loss	(68)	473
Interest Revenue		
Financial assets measured at amortised cost	(115)	(99)
Financial assets measured at fair value through profit and loss	-	(566)
Total interest revenue	(115)	(665)
Interest expense	111	250

Fair Value of Financial Assets

The Council held £20.627m in property funds at 31 March 2019 (£1.111m at 31 March 2018). These represent level 1 inputs in the fair value hierarchy. Fair Value has been assessed using the published Net Asset Value of the funds and the balance sheet reflects these valuations. The combined purchase price was £20.989m so the net decrease in value of £0.362m has been charged to the Capital Adjustment Account in line with the MHCLG Statutory override.

Fair Values of Assets and Liabilities that are not measured at Fair Value (but which fair value disclosures are required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their 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 from the PWLB payable, PWLB prevailing rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment highlighting the impact of the alternative valuation;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

Liabilities	2017/18		2018/19	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Long-term borrowing				
Market Loan	(1,000)	(2,938)	(1,000)	(2,968)
PWLB	-	-	(15,556)	(16,690)
Bank Overdraft	(580)	(580)	(334)	(334)
Short-term creditors	(1,701)	(1,701)	(1,627)	(1,627)
	(3,281)	(5,219)	(18,517)	(21,619)

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2019) arising from a commitment to pay interest to lenders above current market rates.

The fair value of PWLB loans based on the premature repayment rate of £22.118m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The Council has used a transfer value for the fair value of financial liabilities. An exit price fair value of £22.118m has also been calculated using an early repayment discount rate. The Council has no contractual obligation to pay these costs and would not incur any additional cost if the loans run to their planned maturity date.

Assets	2017/18		2018/19	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Short-term investments	8,010	8,010	7,771	7,771
Cash and cash equivalents	5,200	5,200	3,523	3,523
Long-term debtors	83	83	45	45
Short-term debtors	1,742	1,742	1,541	1,541
	15,035	15,035	12,880	12,880

As the investments referred to in the above table are short term the fair value is assumed to be the carrying amount.

Fair Value hierarchy for financial assets and financial liabilities that are not measured at fair value

Recurring fair value measurements using other significant observable inputs (Level 2)	31 March 2018 £'000	31 March 2019 £'000
Financial Liabilities		
PWLB	-	(15,449)
Market Loan	(1,000)	(1,000)
Total	(1,000)	(16,449)
Financial Assets held at amortised cost	13,210	11,294

20. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- re-financing risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

Overall procedures for managing risk

The Council's overall financial instrument risk management processes focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by the finance team, under policies approved by the Council in the annual capital and treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the 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 & Poor's 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:

This Council uses the 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
- credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- investments are restricted to UK domiciled financial institutions.

The full Investment Strategy for 2018/19 was approved by Full Council in February 2018 and updated in April 2018 with the adoption of the capital strategy 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 banks and building societies of £7.771m 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 small risk of irrecoverability therefore applies to all of the Council's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2019	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2019	Estimated maximum exposure to default and uncollectability at 31 March 2019	Estimated maximum exposure at 31 March 2018
	£'000	%	%	£'000	£'000
Customers	1,195	2.5	2.5	30	53

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The past due amount can be analysed by age as follows:

	31 March 2018 £'000	31 March 2019 £'000
<i>Less than three months</i>	1,276	1,011
<i>Three months to one year</i>	11	166
<i>More than one year</i>	27	18
	1,314	1,195

The Council does not generally allow credit for its customers. However, there are also aged debtors within the debtors balance on the balance sheet, especially with regard to overpaid housing benefits where recovery is largely governed by ongoing benefit entitlement rules. A provision is made in the accounts for bad or doubtful debts on historical experience of collection. Therefore, risk of default has already been accounted for in the balance sheet.

During the reporting period the Council held no collateral as security.

Liquidity risk

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

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

The Council's borrowings at 31 March 2019 consisted of loans totalling £16.449m, with £1m repayable in 2051 and the remainder in 2068/69. Short term liquidity is managed through the investment portfolio.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments for greater than one year in duration are the key parameters used to address this risk. The approved treasury and investment strategies address the main risks and the 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 provides stability of maturities and returns in relation to the longer term cash flow needs.

Market Risk

Interest rate risk

The Council is currently exposed to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the borrowing will fall
- investments at variable rates – the interest income charged to the Surplus or Deficit 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 on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

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

Price Risk - The Council does not generally invest in equity shares. However, The £20.627m investment in property funds are all classified as 'fair value through profit and loss', meaning that all movements in price will impact on gains and losses recognised with the cost of services with the Comprehensive Income and Expenditure Statement, with the statutory override currently providing an opposite entry in the Capital Adjustment Account. A general shift of 5% in the general price of units (positive or negative) would thus have resulted in a £1m gain or loss being reflected in these statements for 2018/19.

Foreign Exchange Risk

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

21. DEBTORS

	31 March 2018 £'000	31 March 2019 £'000
Central Government departments	2,589	2,122
Other Local Authorities	634	434
NHS bodies	1	3
Other entities and individuals	1,850	1,902
Total	5,074	4,461

22. 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:

	31 March 2018 £'000	31 March 2019 £'000
Less than or equal to one year	308	641
More than one year	317	406
Total Debtors	625	1,047

23. CASH AND CASH EQUIVALENTS

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

	31 March 2018 £'000	31 March 2019 £'000
Cash held by the Council	1	1
Short term deposits with counterparties	5,200	3,523
Cash and cash equivalents categorised as Current Assets	5,201	3,524
Bank current accounts – Bank Overdraft	(580)	(334)
Cash and cash equivalents categorised as Current Liabilities	(580)	(334)
Total Cash and Cash Equivalents	4,621	3,190

24. CREDITORS

	31 March 2018 £'000	31 March 2019 £'000
Central Government departments	(1,344)	(224)
Other Local Authorities	(890)	(1,341)
Other entities and individuals	(2,014)	(2,279)
Total Creditors	(4,248)	(3,844)

25. PROVISIONS

	Business Rate Appeals £'000
Balance at 1 April 2018	(1,254)
Additional provisions made in 2018/19	(180)
Unused amounts reversed in 2018/19	894
Balance at 31 March 2019	(540)

The provision represents Boston's share (60% of £0.900m as at 31 March 2019, due to being part of the 2018/19 100% localisation pilot) of the total provision for appeals against the rateable values set by the Valuation Office Agency (VOA) not settled as at 31 March 2019. The total provision has been recognised in the Collection Fund Statement (page 94).

26. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

27. UNUSABLE RESERVES

31 March 2018 £'000		31 March 2019 £'000
(26,767)	Revaluation Reserve	(26,471)
(13,236)	Capital Adjustment Account	(13,863)
(111)	Available for Sale Financial Instruments Reserve	-
33,392	Pensions Reserve	37,512
(11)	Deferred Capital Receipts Reserve	(11)
308	Collection Fund Adjustment Account	(1,409)
123	Accumulated Absences Account	147
(6,302)		(4,095)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

2017/18			2018/19	
£'000	£'000		£'000	£'000
	(25,462)	Balance at 1 April		(26,767)
(1,825)		Upward revaluation of assets	(2,022)	
		Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services		
474			52	
	(1,351)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(1,970)
46		Accumulated gains on de-recognition of assets in year	86	
-		Accumulated gain on asset transferred to Investment Properties	86	
-		Other changes to accumulated gains	2,094	
	46	Amount written off to the Capital Adjustment Account		2,266
	(26,767)	Balance at 31 March		(26,471)

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 additions to those assets under statutory provisions. The Account is debited with the cost of the acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. 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 contains accumulated gains and losses on investment properties. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2017/18			2018/19	
£'000	£'000		£'000	£'000
	(14,338)	Balance at 1 April		(13,236)
	-	Accumulated gains on Property Funds at 1 April 2018 (transferred from Available for Sale Reserve)		(111)
	(14,338)	Adjusted Balance at 1 April 2018		(13,347)
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
1,643		Charges for depreciation and impairment of non-current assets	1,802	
537		Revaluation losses/(reversals) on property, plant and equipment	(25)	
48		Amortisation of intangible assets	21	
536		Revenue expenditure funded from capital under statute	877	
8		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	22	
	2,772			2,697
	(46)	Adjusting amounts written out of the Revaluation Reserve		(2,266)
		Capital financing applied in the year:		
(1,788)		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(655)	
(201)		Application of grants to capital financing from the Capital Grants Unapplied Account	(169)	
-		Statutory Provision for financing capital investment charged against the General Fund balance	(15)	
(226)		Capital expenditure charged against the General Fund balance	(568)	
	(2,215)			(1,407)
	-	Movements in the fair value of property funds debited or credited to the Comprehensive Income and Expenditure Statement		473
	591	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(13)
	(13,236)	Balance at 31 March		(13,863)

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contained the gains made by the Council arising from increases in the value of its Property Fund Investments to 31 March 2018.

31 March 2018 £'000		31 March 2019 £'000
(43)	Balance at 1 April	(111)
-	Transfer of balance to the Capital Adjustment Account following changes in accounting standards	111
(43)	Adjusted Balance at 1 April 2018	-
(68)	Upward revaluation of investments	-
(111)	Balance at 31 March	-

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 Pension 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.

31 March 2018 £'000		31 March 2019 £'000
33,018	Balance at 1 April	33,392
(1,367)	Remeasurements of the net defined benefit liability	2,033
3,149	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,603
(1,408)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,516)
33,392	Balance at 31 March	37,512

Collection Fund Adjustment Account

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

31 March 2018 £'000		31 March 2019 £'000
(58)	Balance at 1 April Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	308
366		(1,717)
308	Balance at 31 March	(1,409)

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			2018/19 £'000	
£'000	£'000		£'000	£'000
	130	Balance at 1 April		123
(130)		Settlement or cancellation of accrual made at end of the preceding year	(123)	
123		Amounts accrued at the end of the current year	147	
	(7)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		24
	123	Balance at 31 March		147

28. CASH FLOW - OPERATING ACTIVITIES

The cash flows for operating activities include the following items

	2017/18 £'000	2018/19 £'000
Interest/income received from investments and property fund holdings	125	496
Interest paid	(111)	(143)

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

	2017/18 £'000	2018/19 £'000
Depreciation	1,643	1,802
Impairments and downward valuations	537	(25)
Amortisation	48	21
Movement in contract assets IFRS15	-	(127)
Increase / (decrease) in short term creditors	(259)	178
(Increase) / decrease in short term debtors	(986)	398
(Increase) / decrease in inventories	5	17
Movement in pension liability	1,741	2,087
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	8	22
Other non-cash items charged to the net surplus or deficit on the provision of services	962	(255)
	3,699	4,118
<i>Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities</i>		
Proceeds from the sale of non-current assets	(126)	-
Any other items for which the cash effects are investing or financing cash flows	(2,411)	(808)
	(2,537)	(808)

29. CASH FLOW - INVESTING ACTIVITIES

	2017/18 £'000	2018/19 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(1,654)	(581)
Purchase of short term investments	(500)	(1,000)
Purchase of property fund holdings	-	(19,989)
Other payments for investing activities	(10)	(10)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	126	-
Proceeds from short term and long term investments	1,002	1,250
Other receipts from investing activities	2,120	1,115
Net cash flows from investing activities	1,084	(19,215)

30. CASH FLOW - FINANCING ACTIVITIES

	2017/18 £'000	2018/19 £'000
Cash receipts of short and long term borrowing	-	43,449
Repayments of short and long term borrowing	-	(28,000)
Amounts relating to major preceptors & NNDR	306	(576)
Net cash flows from financing activities	306	14,873

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2018/19	1 April 2018 £'000	Financing cash flows		Non cash changes £'000	31 March 2019 £'000
		New Loans £'000	Repayments £'000		
Long-term borrowing	(1,000)	(15,449)	-	-	(16,449)
Short-term borrowing	-	(28,000)	28,000	(107)	(107)
Total liabilities from financing activities	(1,000)	(43,449)	28,000	(107)	(16,556)

2017/18	1 April 2017 £'000	Financing cash flows		Non Cash changes £'000	31 March 2018 £'000
		New Loans £'000	Repayments £'000		
Long-term borrowing	(1,000)	-	-	-	(1,000)
Short-term borrowing	-	-	-	-	-
Total liabilities from financing activities	(1,000)	-	-	-	(1,000)

32. MEMBERS' ALLOWANCES

The Council paid the following amounts to its elected members during the year.

	31 March 2018 £'000	31 March 2019 £'000
Allowances	172	204
Expenses	6	6
Total	178	210

33. OFFICERS' REMUNERATION

The tables below include those officers who report directly to members or the Chief Executive and who have responsibility for the strategies of the Council. There was a management restructure at the beginning of 2018/19 that means that direct comparison to 2017/18 is not appropriate. The remuneration paid to the Council's senior employees is as follows:

2018/19 Job Title	Salary, fees and allowances £	Pension Contribution £	Total £
Chief Executive	99,212	16,329	115,541
Deputy Chief Executive & Corporate			
Director – Monitoring Officer	80,941	13,300	94,241
Chief Finance Officer (S151)	73,761	12,244	86,005
Head of Operations	65,567	10,551	76,119
Head of Corporate Services	42,947	7,292	50,239
Head of Regulatory Services	63,632	10,580	74,212
Head of Place and Space	63,913	10,551	74,464

The Head of Corporate Services is employed 25 hours per week. The total annualised salary would be £57,315.

2017/18 Job Title	Salary, fees and allowances £	Pension Contribution £	Total £
Chief Executive	97,208	16,589	113,797
Strategic Director (S151)	69,855	6,951	76,806
The Strategic Director (S151) is employed 18.5 hrs by Boston Borough Council (and 18.5 hrs by East Lindsey District Council. The total annualised salary would be £78,745)			
Corporate Director	65,957	10,898	76,855
Head of Operations (retired August 2017)	25,755	4,275	30,030
New Head of Operations (from 2 January 2018)	16,579	2,584	19,163
Head of HR & Transformation	43,025	7,106	50,131
The post holder works part time, the annualised salary for this post would be £56,191			
Head of Housing & Community Services	58,344	9,609	67,953
Head of Town Centre, Leisure, Events & Culture	56,509	9,328	65,837
Head of Financial Services	71,191	11,818	83,009

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

Remuneration band	2017/18 Number of employees	2018/19 Number of employees
£50,000 to £54,999	1	2
£55,000 to £59,999	1	1

The numbers of exit packages with total cost per band and total cost of compulsory and other redundancies 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	-	2	-	2	-	4	-	13,535
£20,001 - £40,000	-	-	1	-	1	-	27,647	0
Total cost included in bandings							27,647	13,535
Total cost included in CIES							27,647	13,535

The total cost of £13,535 in the table above for exit packages has been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

34. 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 to non-audit services provided by the Council's external auditors:

	31 March 2018 £'000	31 March 2019 £'000
Statutory Audit Services		
Fees payable to Mazars LLP with regard to external audit services carried out by the appointed auditor for the year	-	34
Fees payable to Mazars LLP with regard to certification of grants and claims	-	7
Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the year (2017/18)	44	2
Fees payable to KPMG LLP with regard to certification of grants and claims (2017/18)	10	-
Total	54	43

35. GRANT INCOME

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

	2017/18 £'000	2018/19 £'000
Credited to Taxation and Non-Specific Grant Income and Expenditure		
Revenue Support Grant	(969)	-
S31 Grant – Business Rate Grant	(748)	(1,290)
New Homes Bonus Scheme Grant	(860)	(613)
Other non-specific grants	(68)	(17)
Grants and contributions in relation to capital expenditure		
Municipal Buildings – DWP Project	(1,283)	-
Controlling Migration	(364)	-
Homelessness Software	(18)	-
PRSA	-	(80)
Credited to Services		
Housing Benefit Subsidy	(17,210)	(16,741)
Housing Benefits and Council Tax Administration Grant	(328)	(303)
Discretionary Housing Payment	(107)	(130)
Controlling Migration	(493)	(531)
Disabled Facilities Grant	(526)	(569)
ELDC - CCTV	(143)	-
PSICA Grant	(76)	(154)
Other	(274)	(412)
Total of all Grants and Contributions	(23,467)	(20,840)
<i>Of which, Grants from Central Government</i>	<i>(22,699)</i>	<i>(20,056)</i>

36. RELATED PARTIES

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

Central Government

UK Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

Details of material transactions with Central Government are shown below. 2017/18 comparators are shown in brackets.

- Funding from Government Note 14, £20.056m (£22.699m)
- Non-Domestic Rates Share Payable Collection Fund – Nil (£9.583m).
- Debtors Note 21 £2,093m (£2.589m)
- Creditors Note 24 £0.195m (£1.344m)

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 32. The relevant disclosures are:

Eight members declared interest in organisations which transacted with the Council in 2018/19 for the purchase or supply of goods and services, or being board members of voluntary organisations which are supported with grants or contributions from the Council, or their business received grants from the Council, or being employees of organisations that transact with the Council, or being board members of organisations who are precepting bodies, or undertaking charitable activities which have been supported by the council, all of which are deemed to be immaterial.

Officers

Four officers declared an interest in an organisation or partnership that transacts with the Council, none of which are considered material.

Other Public Bodies (subject to common control by central government)

The Council has a Jointly Controlled Operation with South Holland District Council and Lincolnshire County Council, called the Joint Strategic Planning Committee for South East Lincolnshire. It exists to produce a Joint Local Development Plan. The cost for each Council during 2018/19 was £153,039 (£215,441 for 2017/18).

The Council works together with East Lindsey District Council whereby some refuse services are delivered by Boston Borough Council within the East Lindsey area using a shared resource. During 2018/19 the Council received £232,893 (£202,339 in 2017/18) in respect of this sharing arrangement.

Pension Fund – the Council paid an employer's contribution of £1.516m into Lincolnshire County Council's Superannuation Fund (£1.408m in 2017/18). Under the requirements of IAS19 the actuarial estimate shows a contribution of £1.498m payable in 2019/20. The fund provides its members with defined benefits related to pay and service. Full disclosure on Retirement Benefits is shown in Note 40.

Levying Bodies

Internal drainage boards and parish councils levy demands on the Council Tax, and further details are set out in Note 11.

37. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	31 March 2018 £'000	31 March 2019 £'000
Opening Capital Financing Requirement	459	459
Capital Investment		
Property, Plant and Equipment	322	425
Investment properties	1,339	14
Intangibles	18	77
Long-term Investment – Property Fund Holdings	-	19,989
Revenue Expenditure Funded from Capital under Statute	536	877
Sources of finance		
Government grants and other contributions	(1,989)	(824)
Direct revenue contributions	(226)	(568)
Minimum Revenue Provision	-	(15)
Closing Capital Financing Requirement	459	20,434
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by government financial assistance)	-	19,975
Increase in the Capital Financing Requirement	-	19,975

38. LEASES

Council as Lessor

The Council leases out property under operating leases all of which are cancellable by either party giving notice under the terms of the contract. The Council's investment properties, valued on the balance sheet at 31 March 2019 at £4.407m (£4.029m at 31 March 2018), have been leased. Details of the income and expenditure relating to leased property can be found at Note 19.

39. IMPAIRMENT LOSSES

No impairment losses have been recognised in 2018/19.

40. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

The Council participates in the Local Government Pension Scheme, administered by Lincolnshire County Council. This is a funded defined benefit 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.

The Lincolnshire pension scheme 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 Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to 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 benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

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

	Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Comprehensive Income and Expenditure Statement		
Cost of services:		
<i>Service cost comprising:</i>		
Current service cost	2,313	2,315
Past service cost	-	404
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	836	884
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,149	3,603
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	99	(2,725)
Actuarial gains and losses arising on changes in financial assumptions	(1,464)	4,725
Other Experience	(2)	33
Total Remeasurements recognised in Other Comprehensive Income and Expenditure	(1,367)	2,033
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	1,782	5,636
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(1,741)	(2,087)
Actual amount charged against the General Fund Balance for pensions in the year		
Employers' contributions payable to the Scheme	1,408	1,516

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Present value of the defined benefit obligation	(82,334)	(89,730)
Fair value of plan assets	48,942	52,218
Net liability arising from defined benefit obligation	(33,392)	(37,512)

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

	Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Opening fair value of scheme assets	48,610	48,942
Interest income	1,205	1,262
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	(99)	2,725
Contributions from employer	1,408	1,516
Contributions from employees into the scheme	355	364
Benefits paid	(2,537)	(2,591)
Closing fair value of scheme assets	48,942	52,218

Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Opening balance at 1 April	(81,628)	(82,334)
Current service cost	(2,313)	(2,315)
Past service cost	-	(404)
Interest cost	(2,041)	(2,146)
Contributions by scheme participants	(355)	(364)
Remeasurement gains / losses:		
Actuarial gains / losses arising from changes in financial assumptions	1,464	(4,725)
Other experience	2	(33)
Benefits paid	2,537	2,591
Closing balance at 31 March	(82,334)	(89,730)

Local Government Pension Scheme assets comprised:

	Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Cash and cash equivalents	598.6	575.5
Equity instruments:		
Consumer	3,595.4	5,888.7
Manufacturing	2,782.6	2,125.8
Energy and utilities	1,356.9	1,190.5
Financial institutions	3,365.6	3,097.8
Health and Care	2,082.2	2,313.8
Information technology	3,807.1	3,516.8
Real Estate:		
UK Property	4,147.6	4,175.8
Overseas Property	365.4	328.3
Private equity	792.4	547.7
Investment Funds and Unit Trusts:		
Equities	13,579.2	14,413.6
Bonds	5,785.6	6,283.9
Infrastructure	713.0	986.2
Other	5,970.4	6,773.6
Total Assets	48,942.0	52,218.0

All scheme assets have quoted prices in active 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.

The Local Government Pension Scheme liabilities have been estimated by Hymans Robertson, an independent firm of actuaries, estimates for the Lincolnshire Pension Fund being based on the latest full valuation of the scheme as at 31 March 2016.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2017/18 £'000	2018/19 £'000
Mortality assumptions:		
<i>Longevity at 65 for current pensioners (years):</i>		
Men	22.1	22.1
Women	24.4	24.4
<i>Longevity at 65 for future pensioners (years):</i>		
Men	24.1	24.1
Women	26.6	26.6
Rate of inflation (RPI)	3.4%	3.5%
Rate of increase in salaries	2.8%	2.9%
Rate of increase in pensions	2.4%	2.5%
Rate for discounting scheme liabilities	2.6%	2.4%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this 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.

	Impact on the Defined Benefit Obligation in the Scheme	
	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	8,638
0.5% increase in the Salary Increase Rate	1%	1,020
0.5% increase in the Pension Increase Rate (CPI)	8%	7,489

Impact on the Authority's Cash Flows

The contributions paid by the Council are set by the Fund Actuary at each triennial actuarial valuation, the most recent being 31 March 2016. The employer's contribution rate, over the period to 31 March 2020, has been stabilised. The stabilisation is for employer contribution rates to increase at 1% p.a. from the 2018/19 level.

Employer contributions payable to the scheme in 2019/20 are estimated to be £1.498m.

The 2018/19 weighted average duration of the defined benefit obligation for scheme members is 16.6 years (16.6 years in 2017/18).

41. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

No contingent liabilities were identified at 31 March 2019

Contingent Assets

No contingent assets were identified at 31 March 2019.

COLLECTION FUND STATEMENT

2017/18				2018/19		
Council Tax £'000	NDR £'000	Total £'000		Council Tax £'000	NDR £'000	Total £'000
(30,068)	-	(30,068)	Income			
-	(19,734)	(19,734)	Council Tax Receivable	(32,279)	-	(32,279)
-	(77)	(77)	Business Rates Receivable	-	(20,246)	(20,246)
-	-	-	Transitional Protection Payments	-	(185)	(185)
-	-	-	Contributions towards previous year's Collection fund deficit			
-	-	-	Central Government	-	(493)	(493)
-	-	-	Boston Borough Council	-	(395)	(395)
-	-	-	Lincolnshire County Council	-	(99)	(99)
(30,068)	(19,811)	(49,879)	Total Income	(32,279)	(21,418)	(53,697)
			Expenditure			
			Precepts, demands and shares			
-	9,576	9,576	Central Government	-	-	-
4,238	7,661	11,899	Boston Borough Council	4,528	11,714	16,242
21,498	1,915	23,413	Lincolnshire County Council	23,045	7,810	30,855
3,765	-	3,765	Police and Crime Commissioner for Lincolnshire	4,069	-	4,069
			Impairment of debts/appeals			
46	128	174	Increase in allowance for impairment	560	517	1,077
-	927	927	Increase in provision for appeals	-	(2,235)	(2,235)
-	91	91	Cost of Collection Allowance	-	92	92
-	149	149	Renewable Energy	-	170	170
			Contributions towards previous year's Collection fund surplus			
-	7	7	Central Government	-	-	-
7	5	12	Boston Borough Council	111	-	111
40	1	41	Lincolnshire County Council	562	-	562
7	-	7	Police and Crime Commissioner for Lincolnshire	98	-	98
29,601	20,460	50,061	Total Expenditure	32,973	18,068	51,041
(467)	649	182	(Surplus)/Deficit arising during year	694	(3,350)	(2,656)
(523)	375	(148)	(Surplus)/Deficit at beginning of year	(990)	1,024	34
(990)	1,024	34	(Surplus)/Deficit at end of year	(296)	(2,326)	(2,622)

NOTES TO THE COLLECTION FUND STATEMENT

1. PURPOSE OF COLLECTION FUND STATEMENT

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

2. COUNCIL TAX INCOME

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, Police and Crime Commissioner for Lincolnshire and Boston Borough Council, together with the relevant Parish requirement.

This is then divided by the Council Tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted for discounts and exemptions), converted to an equivalent number of Band D dwellings.

The calculation of the Council Tax base for the year is shown below:

Band	Chargeable Dwellings	Ratio	Band D Equivalent
A (with Disabled Relief)	18.90	5/9	10.50
A	10,557.75	6/9	7,038.50
B	5,060.70	7/9	3,936.10
C	5,252.74	8/9	4,669.10
D	1,903.00	9/9	1,903.00
E	756.08	11/9	924.10
F	200.08	13/9	289.00
G	74.28	15/9	123.80
H	4.25	18/9	8.50
Band D Equivalents			18,902.60
Allowance for Non collection (1.0 %)			(189.03)
District Tax Base			18,713.57

The basic level of council tax for a band D property, excluding the parish element, was £1,632.51. To calculate the charge payable for a specific property, the appropriate parish Band D charge is added to the basic level and then multiplied by the relevant factor for the band assigned to the property.

3. NATIONAL NON-DOMESTIC RATES (NNDR) – BUSINESS RATES

Under the arrangements for non-domestic rates, the Council collects rates for its area based on local rateable values (determined by the Valuation Office Agency, an executive agency of HM Revenue and Customs) multiplied by the multiplier (determined by the Government). For 2018/19 there are two multipliers, the non-domestic rating multiplier of 49.3p (47.9p in 2017/18) and the small business non-domestic rating multiplier of 48.0p (46.6p in 2017/18).

Following the national revaluation, the total rateable value for the Council's area at 31 March 2019 was £53.758m (£53.195m at 31 March 2018).

4. NON-DOMESTIC RATES PROVISION FOR APPEALS

The Collection Fund provides for a provision for appeals against the Rateable Value set by the Valuation Office Agency (VOA) not settled at 31 March 2019.

	Business Rate Appeals	
	£'000	£'000
Balance at 1 April 2018		(3,135)
Amounts used/reversed in 2018/19	2,535	
Additional Provisions made in 2018/19	(300)	
Decrease in Provision		2,235
Balance at 31 March 2019		(900)
Boston Share (60%)		(540)

5. COLLECTION FUND

As at 31 March 2019, the surplus on the Collection Fund is £2.622m (£0.034m deficit at 31 March 2018).

The Council Tax surplus is apportioned to the relevant precepting bodies based on the following year's Council Tax requirement. In accordance with the localisation pilot, the 2018/19 in-year Non Domestic Rates surplus is apportioned to Boston Borough (60%) and Lincolnshire County Council (40%).

	2017/18		2018/19	
	Council Tax £'000	NDR £'000	Council Tax £'000	NDR £'000
Central Government	-	512	-	18
Boston Borough Council	(142)	410	(41)	(1,403)
Lincolnshire County Council	(721)	102	(215)	(941)
Lincolnshire Police and Crime Commissioner	(127)	-	(40)	-
(Surplus)/Deficit	(990)	1,024	(296)	(2,326)

GLOSSARY OF TERMS

ACCOUNTING PERIOD

The length of time covered by the Council's Accounts. This is twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, i.e. 31 March.

ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

ACCUMULATED ABSENCES

This refers to the entitlement to accumulated absences, in relation to employees, that are carried forward and can be used in future periods if the current period's entitlement is not used in full.

ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- events have not coincided with the actuarial assumptions made in the last valuation, or
- the actuarial assumptions have changed.

ACCOUNTING POLICIES

The principles, bases, conventions, rules and practices applied by the Council 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 a 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.

ACTUARY

An expert on pension scheme assets and liabilities.

AMORTISATION

A tax deduction for the gradual consumption of the value of an asset, especially an intangible asset

AVAILABLE FOR SALE ASSETS

An asset that is immediately available to sell in its current state in an active market rather than being held to maturity.

BALANCES

The revenue reserves of the Council made up of the accumulated surplus of income over expenditure. They consist of either the general fund balance, an unallocated sum to cover unexpected events, or earmarked reserves that have been set aside to support particular initiatives.

BUDGET

The Council's plans set out in financial terms. Both revenue and capital budgets are prepared, and are used to control and monitor expenditure and performance.

BILLING AUTHORITY

A local authority responsible for collecting the council tax and non-domestic rates i.e. Boston Borough Council.

BTAC

Boston Town Area Committee, supporting the part of the Borough that does not have its own parish council.

CAPITAL CHARGE

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

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL RECEIPTS

Proceeds arising from the sale of fixed assets, such as land and buildings (with a value of at least £10,000)

CARRYING VALUE

An accounting measure of value, where the value of an asset is based on the figures in the Balance Sheet. For assets, the value is based on the original cost of the asset less any depreciation, amortisation or impairment costs made against the asset.

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CHANGE IN ACCOUNTING ESTIMATE

An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

CLASS OF FIXED ASSETS

The classes of fixed assets required to be included in the accounting statements are:

- Property, Plant and Equipment
- Other land and buildings
- Vehicles, plant, furniture and equipment
- Community assets
- Surplus assets not held for sale
- Assets Under Construction
- Investment Property
- Intangible Assets

Further analysis of any of these items will be given if it is necessary to ensure fair presentation.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The leading professional accountancy body for the public sector. They set and monitor professional standards and provide education and training in accountancy and financial management.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM

Published by CIPFA, it sets out the proper accounting principles and practices required for the statement of accounts, in accordance with the statutory framework for accounts, as established for England and Wales. The aim is to produce financial statements which present a true and fair view of the financial position of the Council.

COLLATERAL

Something pledged as security for repayment of a loan, to be forfeited in the event of a default.

COLLECTION FUND

This is a fund managed by the billing authority (Borough Council) to receive Business Rates income and Council Tax income. It is also used to make payments to the national business rates pool and to pay a share of council tax collected to the County Council, Police Authority, District Council and Parish Councils.

COMMUNITY ASSETS

Assets that the local 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.

CONSISTENCY

The principle that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

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

COUNCIL TAX

This is a banded property tax set by local authorities in order to meet their budget requirements. There are eight bands (Band A–H), set by the Valuation Office Agency according to the value of the property. The amount each household pays depends on the value of the property.

CREDITORS

Amounts owed by the Council for work done, goods received or services rendered before the end of the accounting period but for which payment was not made by the end of the financial year.

CURRENT ASSET

An asset which satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Council's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within twelve months after the balance sheet date; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

CURRENT SERVICE COSTS (PENSIONS)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

DEBTORS

These are amounts due to the Council but unpaid at the balance sheet date.

DEPRECIATION

The measure of the cost or revalued amount of the benefits of the fixed asset that has been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EARMARKED RESERVES

Money put aside that the Council intends to use only for a certain, stated purpose.

ECONOMIC BENEFITS

Benefits quantifiable in terms of money, such as revenue, net cash flow, net income.

EMOLUMENTS

All sums paid to or receivable by an employee and sums due by way of expenses' allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees, which are disclosed in accordance with International Accounting Standard 19 (IAS 19).

ESTIMATION TECHNIQUES

The methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible fixed asset consumed in a period;
- different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

EVENTS AFTER THE BALANCE SHEET DATE

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 balance sheet date (adjusting events after the balance sheet date); and
- those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

EXPECTED RATE OF RETURN ON PENSION ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

FAIR VALUE

The fair value of an asset 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.

FINANCIAL INSTRUMENT

Any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

FIXED ASSETS

Tangible and intangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

GENERAL FUND

This account shows the expenditure and income relating to all the services provided by the Council and how the net cost of these services has been financed by local taxpayers and through government grants.

GOVERNMENT GRANTS

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Council in return for past or future compliance with certain conditions relating to the activities of the Council.

HERITAGE ASSETS

Assets such as art works, library collections, monuments and historic buildings and other treasures which are irreplaceable and are held in perpetuity because of their unique historical, cultural or environmental attributes.

HOUSING BENEFIT

This is a national system for giving financial assistance to individuals towards certain housing costs. The cost of the service is subsidised by central government.

IMPAIRMENT

A reduction in the value of assets below their carrying amount on the balance sheet, including outstanding amounts owed to the Council which are highly unlikely to be collected.

INCOME

This is the money that the Council receives or expects to receive from any source, including fees and charges, government grants, contributions and interest.

INTANGIBLE ASSETS

Assets that do not have physical substance but are identifiable and controlled by the Council, such as IT software.

INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

These are accounting standards as approved and published by the Accounting Standards Board, which pronounce the method of accounting treatment to be applied to specific areas.

INVESTMENTS

Cash deposits with approved institutions.

INVESTMENT PROPERTIES

Interest in land and/or buildings:

- in respect of which construction work and development have been completed; and
- which is held for its investment potential, any rental income being negotiated at arm's length.

LEASE

An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The two types of leases are as follows:

- Finance lease - A lease which transfers substantially all the risks and rewards of ownership of an asset (even though title to the asset may not be transferred).
- Operating lease - Leases under which the ownership of the asset remains with the lessor and consequently are outside the Government's system of capital controls.

LIABILITY

A liability arises when the Council owes money to others and it must be included in the financial statements. There are two types of liability:

- a current liability is a sum of money that will or might be payable during the next accounting period e.g. creditors or bank overdraft.
- a long term liability is a sum of money that will not become payable until some point after the next accounting period or is paid off over a number of accounting periods.

MATERIALITY

In using its professional judgement the Council has considered the size and nature of individual transactions or set of transactions. An item is considered to be material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount of the Council's outstanding debt which must be repaid, in accordance with statute, by the revenue accounts in any year.

MINIMUM LEASE PAYMENTS

The payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with:

- (a) for a lessee, any amounts guaranteed by the lessee or by a party related to the lessee; or
- (b) for a lessor, any residual value guaranteed to the lessor by:
 - (i) the lessee;
 - (ii) a party related to the lessee; or
 - (iii) a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it.

NET BOOK VALUE

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value less any cumulative amounts provided for depreciation, in accordance with the relevant accounting policy.

NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET REALISABLE VALUE

The open market value of an asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

NON DOMESTIC RATES (NDR) – BUSINESS RATES

This is a national scheme for collecting contributions from businesses towards the cost of local government services, based on a flat rate in the pound set by Government.

PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

POST BALANCE SHEET EVENTS

These are events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible officer.

PRECEPTS

Amounts the Council is required to raise from Council Tax on behalf of other authorities, and itself.

PROVISION

An amount set aside for a liability that is likely will be incurred but the exact amount and the date on which it will arise are uncertain.

PRUDENCE

The concept that revenue is not anticipated, but is recognised only when realised in the form either of cash or of other assets for which the ultimate cash realisation can be assessed with reasonable certainty.

RELATED PARTIES

A related party is a person or entity that is related to the Council as the reporting body.

A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control over the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

The main related parties for councils are Central Government, elected members, officers and levying bodies.

Other related parties may include:

- any subsidiary and associated companies; and
- the pension fund (where the Council is an administering Council).

The following are deemed not to be related parties:

- providers of finance in the course of their business in that regard;
- Trade unions;
- Public utilities; and
- Departments and agencies of a government that does not control jointly control or significantly influence the reporting entity.

RESERVE

An amount set aside in a financial year for a specific purpose, to be used to meet expenditure in future years.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Formerly known as Deferred Charges, this is expenditure that may properly be deferred, but which does not result in, or remain matched with, assets controlled by the Council, e.g. Renovation Grants.

SEGMENT

Distinguishable service of the Council that is engaged in providing a service or a group services.

TOTAL COST

The total cost of a service or activity includes all costs which 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 capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

USEFUL LIFE

The period over which the Council will derive benefits from the use of an asset.