
FINANCIAL STATEMENTS 2016/17

1 SUMMARY

- 1.1 This report presents the audited financial statements for 2016/17 for approval.
- 1.2 The external auditors, Ernst & Young, have now completed their audit of the statements. Their report on the audit is presented as a separate item to this meeting.
- 1.3 The Authority agrees a medium term financial strategy (MTFS) each year in February in order to produce a balanced budget, which maintains a suitable level of balances.

2 MEMBER QUESTIONS

- 2.1 The statements are lengthy and complicated. Therefore, although Members can ask questions at Audit Committee, it is requested that if Members wish to raise specific questions, they contact the Head of Finance direct (details at the end of this report) prior to the meeting to ensure a timely response can be provided.

3 SIGNING AND APPROVAL

- 3.1 The Authority is required by the Accounts and Audit Regulations of 2015 to prepare an annual Statement of Accounts. The financial statements must be signed as true and fair by the Chief Finance Officer before 30 June and then Member approval must be given to the audited statement to allow publication by 30 September. The Authority has given delegation for that approval to the Audit Committee. Following approval by the Committee, the financial statements should be signed and dated by the Chairman presiding over that Committee. This will be arranged after this meeting.

4 ANNUAL GOVERNANCE STATEMENT

- 4.1 The annual governance statement, which forms part of the financial statements, was considered in detail by the Audit Committee on 20 June 2017 and will be signed by the Managing Director and Leader of the Council prior to final publication.

5 MAJOR JUDGMENTS MADE

- 5.1 In the preparation of the accounts, the Section 151 Officer may be required to make judgments or use estimates. The types of judgment include asset life and depreciation methods. The main estimate is on the housing benefit subsidy. The figures included in the accounts are based on the draft end of

year subsidy claim form, which is still subject to external audit checking, which will be completed in October.

6 CHANGES TO ACCOUNTING POLICIES

- 6.1 The financial statements are prepared in accordance with the Code. The Code interprets the accounting standards, such as international financial reporting standards (IFRS), published by the Accounting Standards Board. The Code also gives guidance on the wording to be used in the notes to the accounts and the layout of the financial statements.

7 RISK IMPLICATIONS

- 7.1 The completion of the financial statements is a major project that involves officers from across the authority. As part of the project planning, a risk register is completed to support the production of financial statements that give a true and fair view of the authority's financial position.

8 LEGAL IMPLICATIONS

- 8.1 It is a statutory requirement for the financial statements to be signed by the Responsible Financial Officer, by 30 June. The draft financial statements and balance sheet were signed and presented for audit on 30 June 2017. On conclusion of audit, the financial statements must be published by 30 September 2017.


9 EQUALITY AND DIVERSITY IMPLICATIONS

- 9.1 None.

10 RECOMMENDATION

- 10.1 It is proposed that the Committee **RESOLVES**

- (1) That the financial statements be approved and signed by the Chairman.
- (2) That the movement in earmarked reserves be noted.



Rob Manning

Section 151 Officer

Background Papers:-

None.

For further information please contact Rob Manning (Section 151 Officer) or Matthew Petley (Head of Finance) on:-

Phone: 01702 546366

Email: rob.manning@rochford.gov.uk

Phone: 01702 546366

Email: matthew.petley@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.

Rochford District Council:

Annual Financial Report 2016-17

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Strategic Report

Introduction



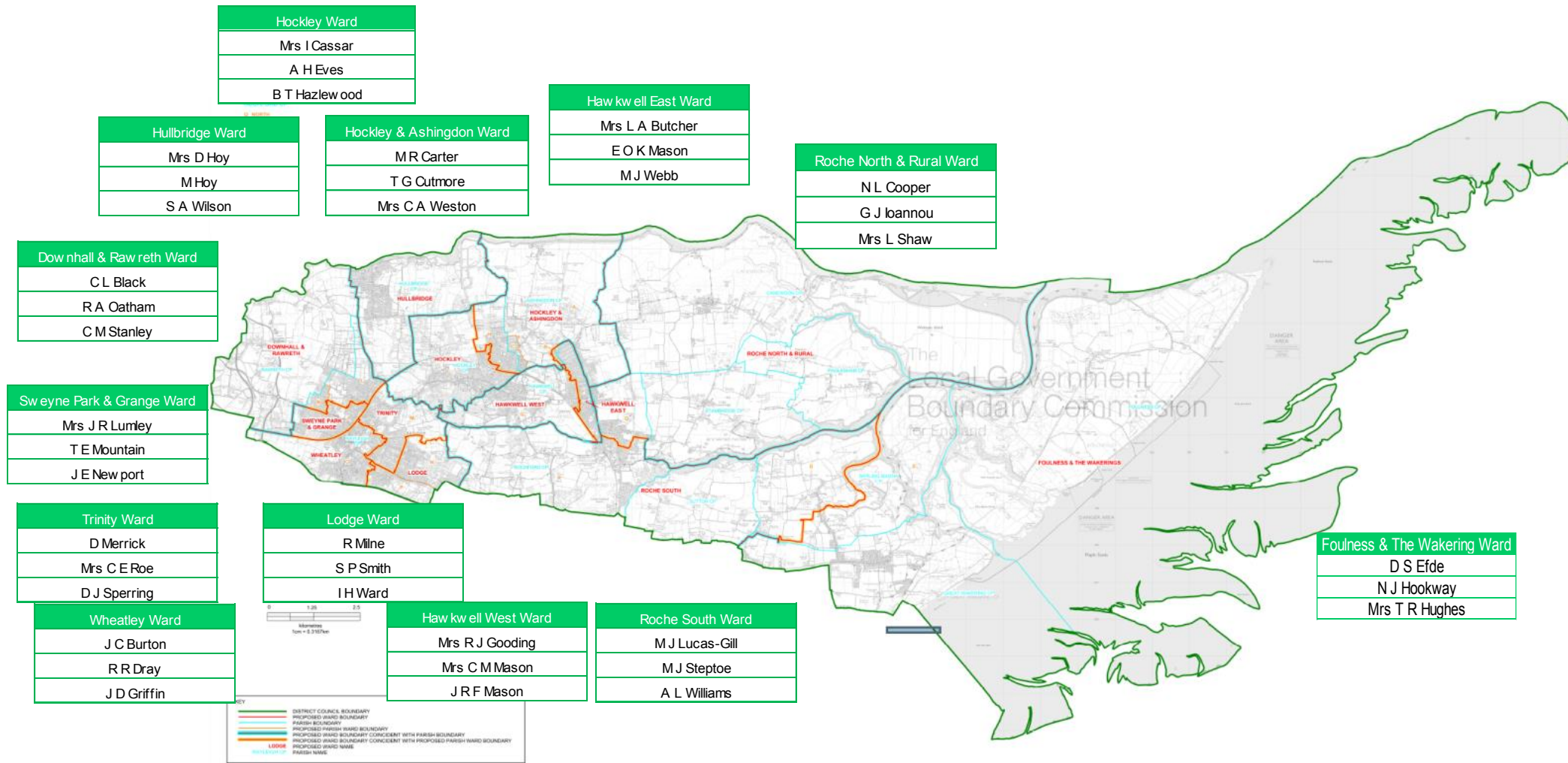
Local Government in Essex is largely structured into what is commonly termed a 'three-tier' structure, with responsibilities and service provision shared between District, Parish and County Councils.

For the District of Rochford, Essex County Council, Rochford District Council and the Town and Parish Councils work together with other partners to provide a large range of services to the public.













The functions of Rochford District Council include:-

- **Customer, Revenues and Benefits Services:** Customer Services, Revenues and Benefits, Debt, Support Services
- **Environmental Services:** Open Spaces, Street scene, Car Parks/Transport
- **Planning and Regeneration Services:** Planning, Building Control, Economic Development
- **Financial Services:** Payments and Income, Finance, Performance and Risk
- **Legal Services:** Legal, Partnerships, Licensing, Elections
- **Democratic Services:** Member Services, Civics, Audit, Overview & Scrutiny
- **Community and Housing Services:** Environmental Health, Community Safety, Private Housing, Safeguarding, Partnerships
- **Commercial Services:** Asset Management, Procurement, Leisure, Emergency Planning, ICT and Business Continuity.

Our Councillors (Elected in May 2016)



Rochford by the numbers

	£374,000 spent on housing adaptations increasing residents independence		132 new homes built
Recycling rate 65%		0.01% missed bins vs total collected	
	Budget underspend of £0.4m (4%)		586 planning applications approved
3 new surface water flood improvement schemes		Zero safety related claims	
	Rochford Business Network supports 776 local businesses		655,802 individual visits to Leisure facilities
5 new developments considered		Produced a balanced budget for 2017/18	



Key Highlights and Successes

Active Colleagues – Final year of Sport England funded project successfully delivered, with 1,052 individuals having accessed the project across both Rochford District and Castle Point

Active Rochford funding, £10,000 funding secured from Active Essex to deliver the following projects:

- Active Rochford Apprentice
- Outdoor Health
- Active ageing
- Family activity sessions
- Club development

Wild Woods Day 2016, sponsored by Fusion Lifestyle. Over 4,000 visitors to family fun day in Hockley Woods. £9,000 in sponsorship secured



Great Wakering Sports Centre now open with new tenant so bringing the building back to life and bringing in an income, as per the budget plan

Surface water flood improvement schemes at Ashingdon Hill, Hazelwood, and Sweyne Park working with the Local Lead Flood Authority (ECC)

The Council progressing its significant asset development strategy, namely 19 & 57 South Street and the Three Sites

Institution of Occupational Safety and Health (IOSH) accredited training delivered to Members, the leadership team and departmental managers.

Regular reviews of quarterly health and safety reports by the leadership team inclusive of statistical accident information



Crucial Crew events held in both Rayleigh + Rochford. > 500 year 6 pupils attended. 85% of teachers reported it was beneficial for pupils covering issue from Stranger danger to internet and mobile device safety.

385 food businesses made safer, exceeding all targets

65 private dwellings made healthier and safer to live in, with 85 severe housing hazards removed

£180,000 estimated savings made to NHS/Society as a result of the private housing service work i.e. removing severe housing hazards, the most common being falls

Positive community safety, private housing, planning, environmental health – ‘days of action’ with the local community policing team, focussing on CSE, human trafficking / immigration /modern day slavery/ exploitation of vulnerable adults. Arrests, warrants, inspections all carried out.

Recycling Statistics released by DEFRA placed Rochford third in the league with a recycling rate of 66.0 per cent out of more than 350 local authorities across England. The District has been in the top three for the past seven years and has topped the table on two separate occasions.

Through careful budgeting by the council’s officers, we were able to continue with what has now become our traditional free parking on the four Saturdays in the run up to Christmas in all Rochford Council run car parks across the district

The council is seeking to pooled its resources with Rayleigh Town Council in order to install new play equipment at Fairview Recreation Ground, John Fisher Recreation Ground and at Grove Woods & Playing Fields, and with Hullbridge Parish Council, to install new equipment at Hullbridge Recreation Ground.

New Play Equipment at Hockley Woods is being installed after Rochford District Council managed to obtain £45,000 of funding from Cory Environmental Trust in Britain (CETB), an environmental body which supports community and environmental projects.

Produce a balanced budget for 2017/18, against a backdrop of a 50% RSG reduction by central government

Successful start-up of the Local Authority Trading Company – Green Gateway to provide grass cutting services to the council

The Licensing Team delivered Disability and Passenger Assistance training to all RDC taxi Drivers, to be updated every 3 years

Rayleigh pub watch supported by the Licensing Dept. was awarded the Essex Police Cup at the High Sherriff's awards for their work in the night time economy



The Business Plan

BUSINESS PLAN 2016 2020

OUR PRIORITIES

“Our residents will be at the heart of everything we do”

We will enable our staff to meet future challenges by working in a business-like way;

We will enable our communities to help deliver services which they consider to be specifically important to them;

We will create opportunities to maximise income to continue delivering services;

We will help this District become renowned as a leading regional centre in the science, medical and technology sectors within the next 10-20 years;

We will support new and existing businesses;

We will make the most of our coastal areas.

BECOME FINANCIALLY SELF-SUFFICIENT

- We will set up a trading arm and increase our traded services to generate investment income and make us more 'self sufficient';
- We will pursue large scale commercial projects to generate income;
- We will ensure our commercial activity will, where possible, have social benefits;
- We will use local businesses and resources whenever possible whilst ensuring Best Value;
- We will review our services so that we provide more of what is important to our residents.

EARLY INTERVENTION

- We will use early intervention to manage demand on our services;
- We will endeavour to help to provide good quality homes for all of our residents by bringing, for example, more empty properties back into use;
- We will promote the safeguarding of our young and vulnerable residents;
- We will work closely with those partners who will help us achieve our aims, especially those whose focus is on early intervention and prevention.

MAXIMISE OUR ASSETS

- We will ensure that all of our assets are fully utilised to maximise income whilst ensuring social purpose.

ENABLE COMMUNITIES

- We will engage with all parts of our communities, including Parish Councils, businesses and our residents, to encourage the most efficient way to provide services and to help create full employment, including more apprenticeships.

To achieve these priorities we will create a culture in the Council that is: focussed on real outcomes, not process; proactive; flexible; able to make decisions promptly; business-like; empathetic; willing to take risks whilst maintaining appropriate safeguards.

How we will achieve our priorities: a number of detailed delivery plans will emerge from this business plan; these will set out how we will achieve the objectives set out in this plan.

Corporate Targets and Performance Summary

The Corporate Performance Indicators are set against a basket of measures across the Council's range of services.

The Performance and Risk team created a monthly dash board for all members to review performance.

The Performance indicators are continually reviewed to best align to the new business plan priorities as set out in section 5.

The Key Performance indicators and associated targets are shown below for the 2016/17 year end

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Place				
Description	Target	Month	Final 16/17	Final 15/16
% Council Tax collected (cum)	98.2%	98.8%	98.8%	98.7%
% NNDR collected (cum)	99.1%	98.9%	98.9%	99.1%
% overpayments recovered vs. debt	30.5%	23.2%	23.2%	24.8%
% overpayments written off vs. debt	4.0%	2.7%	2.7%	2.6%
Residual waste Kg per household	35	27	337	295
% waste recycled or composted	66.0%	67.3%	64.6%	66.2%
% Missed bins vs total collected	0.01%	0.00%	0.01%	0.01%

Economic Growth				
Description	Target	Month	Final 16/17	Final 15/16
% invoices paid in 30 days	98.0%	93.9%	96.1%	97.6%
% local invoices paid in 10 days	90.0%	81.7%	92.5%	93.5%
Out of Work Benefit Claimants	-	465	465	455

Homes				
Description	Target	Month	Final 16/17	Final 15/16
% Major Planning Apps in 13 Wks. (Q)	75.0%	100.0%	85.7%	50.0%
% Remaining Planning Apps in 8 Wks. (Q)	80.0%	83.3%	78.7%	71.7%
% Planning appeals allowed (Q)	30.0%	0.0%	5.6%	23.8%
% Planning Enforcement in time	60.0%	81.3%	51.5%	59.9%
Households in emergency accomodation	-	42	42	54

Corporate Health				
Description	Target	Month	Final 16/17	Final 15/16
Number of employees: FTE (Q)	N/A	157	157	158
The number of working days lost to the Local Authority due to sickness	2.5	1.6	12.2	8.5

Corporate Risk Register

Key Corporate Risks	Potential Impacts												Likelihood	Impact	Risk Rating	
	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs/losses	Asset loss or damage	Contract breaches	Ineffective leadership				External Intervention
Key Outcome Risks																
1 – We fail to deliver the objectives of the Council's Business Plan in terms of measurable outcomes.		✓	✓	✓			✓	✓	✓			✓	✓	2	3	M
2 – There is a failure to safeguard children and adults with care and support needs from abuse and/or neglect in line with the Council's legal responsibilities.	✓	✓					✓					✓		2	4	M
3a – There is a serious Food, Environmental or other incident for which the Council is culpable		✓	✓			✓			✓	✓		✓		3	4	H
3b – There is a serious Health and Safety incident for which the Council is culpable (including Flood risks).		✓	✓			✓			✓	✓		✓		3	4	H
4 – We fail to respond to, or provide, relevant services in the event of an incident or disaster		✓	✓			✓				✓		✓		3	3	M
5 – Council held data is lost, disclosed or misused to detriment of individuals or organisations as result of inadequate protection.		✓	✓	✓					✓		✓	✓		3	3	M
6 – Community cohesion is impacted adversely by service changes or withdrawals	✓	✓	✓		✓	✓	✓		✓			✓		3	3	M

Key Corporate Risks	Potential Impacts													Likelihood	Impact	Risk Rating
	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs/losses	Asset loss or damage	Contract breaches	Ineffective leadership	External Intervention			
Key Enabler Risks																
7 – Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.		✓			✓		✓	✓	✓			✓		2	3	M
8 – Failure to innovate and develop new ways of meeting customer needs and expectations.		✓	✓	✓			✓	✓				✓	✓	2	3	M
9 – Failure to produce and meet a balanced budget and MTFs that allow for the successful delivery of the priorities contained in the Business Plan or to adequately plan, fund and monitor the Council's Capital Programme.		✓		✓			✓	✓	✓		✓	✓	✓	3	4	H
10 – Inability to recruit, retain, develop and manage appropriately skilled staff to deliver the Council's priority outcomes	✓	✓	✓	✓			✓		✓					4	4	H
11 – Failure to enter into and manage effective partnerships for the delivery of services and outcomes.		✓	✓	✓	✓						✓			3	3	M
12 – The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.		✓	✓	✓					✓		✓			2	3	M
13 – Failure to ensure good governance of the Council's activities and delivery of its priority outcomes		✓					✓			✓		✓	✓	3	3	M
14 – Failure to ensure Rochford's ICT Estate supports achievement of Business Objectives		✓	✓	✓			✓	✓	✓		✓			4	3	H

Financial Summary

Revenue Position

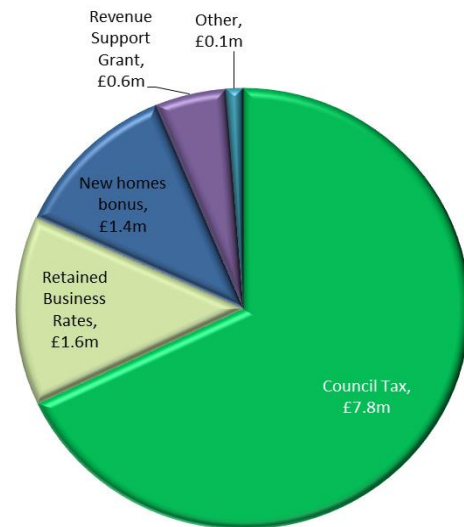
The Financial Summary below provides a simplified view of the full Statement of Accounts which is largely prescribed by accounting standards that apply to all local authorities. An unaudited version of the full Statement of Accounts is available on the website, and full Audited version can be requested from September onwards from the Finance team at RDC.

From the funding position shown right, it is clear, the Council is becoming more self-sufficient financially, with less reliance on central government, meaning local decision making is at the heart of everything it does.

For RDC to meet these Council Tax and Business Rates figures as per the graph right), the Council had to collect 98.8% and 98.9% of the amount due respectively for the entire year, which has been achieved through the continuing partnership with our residents, businesses and the Council itself.

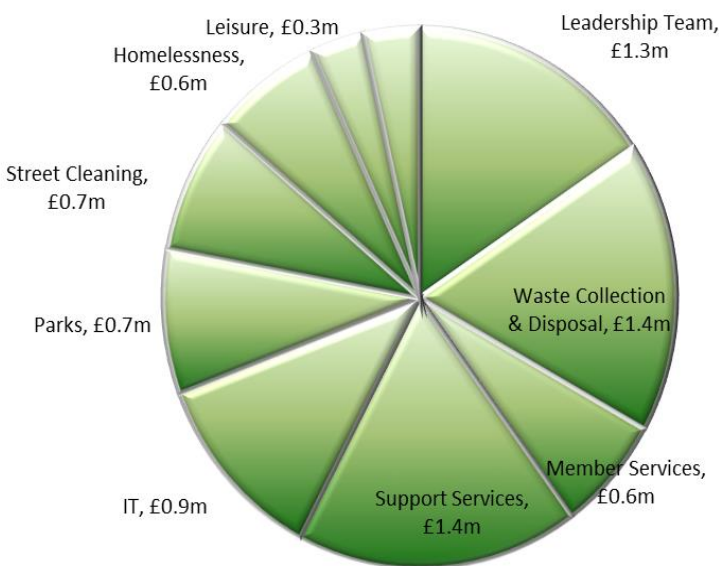
2016/17 has been the year that RDC strived ahead with its ambitious plans to become financially self-sustaining against the challenges of rapidly reducing government funding.

**RDC Sources of funding
2016/17 £m**



Note: £7.8m Council Tax = £6.5m Council Tax RDC + £1.3m Parish Precept

2016/17 Spend by major type £m



These challenges have been met through strong leadership and resilience, which combined with good financial stewardship mean that RDC has reduced underlying expenditure compared to the prior year, whilst also driving ahead with the plan to invest in assets for a financial return and face considerable headwinds, such as homelessness

This reduction in spend is not the result of services being turned off or decisions being put on hold, but with careful management of the limited resources available, and by focussing on the Business Plan throughout the organisation, ensuring each pound of public money is maximised.

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The Council set an original budget of £8.9m for the net cost of services, excluding the contribution to reserves. This was revised in quarter 2 to £9.1m with the final outturn to £8.0m. The table below shows the comparison of the major items between these iterations.

	2016/17 Original Budget	2016/17 Revised Budget	2016/17 Final Outturn
	£m	£m	£m
Gross Expenditure	11.3	11.6	10.5
Reversal of Parish Precept	(1.3)	(1.3)	(1.3)
Total Service Expenditure	10.1	10.3	9.2
Incentivised Funding	(1.2)	(1.2)	(1.2)
Net Cost of Services	8.9	9.1	8.0
Contribution to /(from) Specific Reserves	1.3	1.1	2.2
Budget Requirement	10.2	10.2	10.2
Revenue Support Grant	(0.6)	(0.6)	(0.6)
Retained Business Rates	(1.6)	(1.6)	(1.6)
Incentivised Funding (New Homes Bonus)	(1.4)	(1.4)	(1.4)
Collection Fund Adjustments	(0.0)	(0.0)	(0.0)
New Transition Grant	(0.1)	(0.1)	(0.1)
Rochford's Element of Council Tax Requirement	(6.5)	(6.5)	(6.5)

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The actual expenditure compared to that budgeted across the headline services is as follows:

Services	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Leader	1,504	1,457	1,483	(26)
Finance	1,302	1,486	266	1,220
Enterprise	572	852	303	549
Planning	199	291	256	35
Environment	3,323	2,948	3,330	(382)
Governance	1,067	1,086	1,525	(439)
Community	2,080	2,387	2,130	257
Net Costs of Services	10,046	10,507	9,294	1,214
Collection Fund Adjustment			(49)	49
Staffing Strategy Savings			-	-
Target Efficiency Savings			-	-
Reversal of Capital Charges	(1,183)	(1,183)	(1,766)	583
Reversal of REFCUS Grants			375	(375)
IAS 19 Retirement Benefits			(344)	344
Reversal of absence accrual			10	(10)
Total	8,863	9,324	7,519	1,805
Interest Received			(36)	36
Capital expenditure financed from revenue balances			150	(150)
Contribution to/(from) reserves			2,042	(2,042)
General Fund Expenditure	8,863	9,324	9,675	(351)
Parish Precepts	1,255	1,255	1,319	(64)
General Fund Expenditure	10,119	10,579	10,994	(416)
Contribution To/(From) General Fund Balances	1,235	775	157	618
Government Grants not budgeted for			203	(203)
Amount to be met by Government Grant and Local Tax Payers	11,354	11,354	11,354	(1)

Capital Position

Capital expenditure forms a large part of the Council's spending on the provision of services and, in line with our revenue budget setting process, the Capital Programme for 2016/17 was compiled to maximise and make the best use of the available funding to deliver projects that represented the key priorities of the Council.

The Capital Programme totalling £1.1m for 2016/17 was approved in the year, based upon the original budget programme, as well as carry forward projects from 2015/16 and an updated Disabled Facilities Grant allocation form Essex County Council. The following table shows the budget and associated spend by project:

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Scheme	2016/17	2016/17	Variance	Variance of which is		
	Budget £	Outturn £		Overspend	Underspend	Carry Forward
Financial Management System	9,000	6,600	2,400	-	2,400	-
Wheelie Bins	81,500	76,616	4,884	-	-	4,900
St Andrews Churchyard - Closed Cemetery	4,800	-	4,800	-	4,800	-
Coin Counting Machine	6,650	6,645	5	-	5	-
Cemeteries	29,400	10,094	19,306	-	-	19,300
Depot	307,500	304,829	2,671	-	2,671	-
Rochford Offices	23,000	-	23,000	-	4,900	18,100
Rayleigh Offices	10,000	14,869	(4,869)	(4,869)	-	-
Cherry orchard Car Park Works	15,100	-	15,100	-	-	15,100
Car Park Resurface Rolling Programme	41,350	-	41,350	-	-	41,400
Pavilion Refurbishments	30,000	-	30,000	-	-	30,000
Community Funding	15,000	-	15,000	-	15,000	-
Play Spaces	45,000	40,944	4,056	-	-	4,000
Rawreth Recreational Field	2,000	-	2,000	-	2,000	-
Parks and Open Spaces Programme	21,600	11,995	9,605	-	-	9,600
Home maintenance and Adaptation Grants	50,000	49,135	865	-	865	-
Disabled Facilities Grants	374,747	377,961	(3,214)	(3,214)	-	-
Capital Programme Total	1,066,647	899,688	166,959	(8,083)	32,641	142,400

Of the £166,959 favourable variance, there is a carry forward request of £142,400. This will allow the completion of 2016/17 agreed projects in the 2017/18 financial year. Once agreed these ongoing projects will be added to the 2017/18 capital programme agreed by Members as part of the Medium Term Financial Strategy (MTFS) in February 2017.

Reserves Position

The Council will continue to face difficult financial times for the foreseeable future, given the austerity cuts to public spending. However, the Council is in strong financial health and has a credible base on which to weather such challenge.

The Council has accumulated specific reserves to manage known financial liabilities – as good financial practice would dictate; and has set aside money for major contractual and legal liabilities on the horizon.

There are three major categories of reserve – earmarked, general balance and other reserves over which there is minimal or no influence, most notably grant funded reserves

Earmarked Reserves	Opening Balance 2016/17	Movt In Year	Closing Balance 2016/17
Devolution	31,309	-	31,309
Thames Gateway Growth Contribution	30,000	(12,500)	17,500
Insurance Reserve	36,064	(2,700)	33,364
Internal Audit	50,000	(36,450)	13,550
Contractor Provision	63,431	10,000	73,431
IT Emergency / IT Platform	252,609	71,298	323,907
Transformation	590,861	(123,502)	467,359
Pension	813,000	813,300	1,626,300
Legal	250,000	(48,912)	201,088
Contamination	10,000	0	10,000
Elections	20,000	0	20,000
Housing (Primarily Homelessness)	87,709	(79,841)	7,868
Hard / Soft Infrastructure	-	1,262,095	1,262,095
Sub Total	2,234,983	1,852,788	4,087,770
Carry Forwards from 2016/17			
Corporate	109,694	158,838	268,533
Project	41,264	(19,743)	21,521
IT	16,877	(16,877)	0
Housing	1,500	0	1,500
Sub Total	169,335	122,219	291,554
Grant Funded / Ring Fenced Reserve			
Corporate	50,600	864	51,465
Project	432,712	37,662	470,373
Housing	31,769	28,452	60,221
Sub Total	515,081	66,978	582,059
Total Earmarked Reserves	2,919,398	2,041,984	4,961,383
General Fund Balance	1,176	157	1,333

The Council has built up reasonable levels of reserves so that it can continue to deliver services in the advent of financial shocks. The general balance does not have a specific purpose, but is set aside to allow the Council to deal with unexpected events or costs at short notice.

The continued provision of adequate reserves is essential. Without these, it may be necessary to take remedial urgent action in-year to mitigate challenges that arise, which could lead to longer term consequences.

Cashflow position

The Council does not undertake any external borrowing in order to manage the cash flow of its capital expenditure programme. It manages its cash flows through cash backed resources which have been set aside for longer term purposes (such as funds set aside in reserves and balances), and working capital balances that can either be invested or temporarily utilised to defer the need for external borrowing.

The Treasury Management Strategy and progress against the Strategy is reported periodically to the Review Committee.

Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS) for the majority of its staff. The net estimated pension liability for Rochford District Council is £34.4m as at 31st March 2017 compared with £27.3m as at 31st March 2016. Estimation of liability is based on a number of judgements relating to the discount rate used, salary increases, changes in retirement age, longevity, interest rates, inflation and expected returns on assets.

A firm of actuaries is engaged, who carry out valuation every three years and employer's contributions are amended to reflect the requirement to reduce the current net liability. The latest triennial valuation was £1.9m as at 31 March 2016. The next actuarial valuation will be carried out as at 31 March 2019.

Write Off's and Arrears

In 2016-17 the following amounts were written-off compared to the amounts for 2015-16.

	2015/16 £	2016/17 £
Council Tax	37,173	48,349
Business Rates	145,908	70,406
Housing Benefits	13,813	45,341

As at 31st March 2017 the level of arrears has changed from the previous year as follows:

	2015/16 £	2016/17 £
Council Tax	1,601,733	1,571,789
Business Rates	290,541	302,395
Housing Benefits	1,395,100	1,436,575

Please note that the arrears in respect of Council Tax and Business rates above include amounts owed to Central Government and Precepting Authorities. The Debtors note to the Statement of Accounts reflects amounts owed purely to Rochford District Council.

When setting the allowances for bad debts, the Authority takes into consideration the historical trends of outstanding debts in previous years.

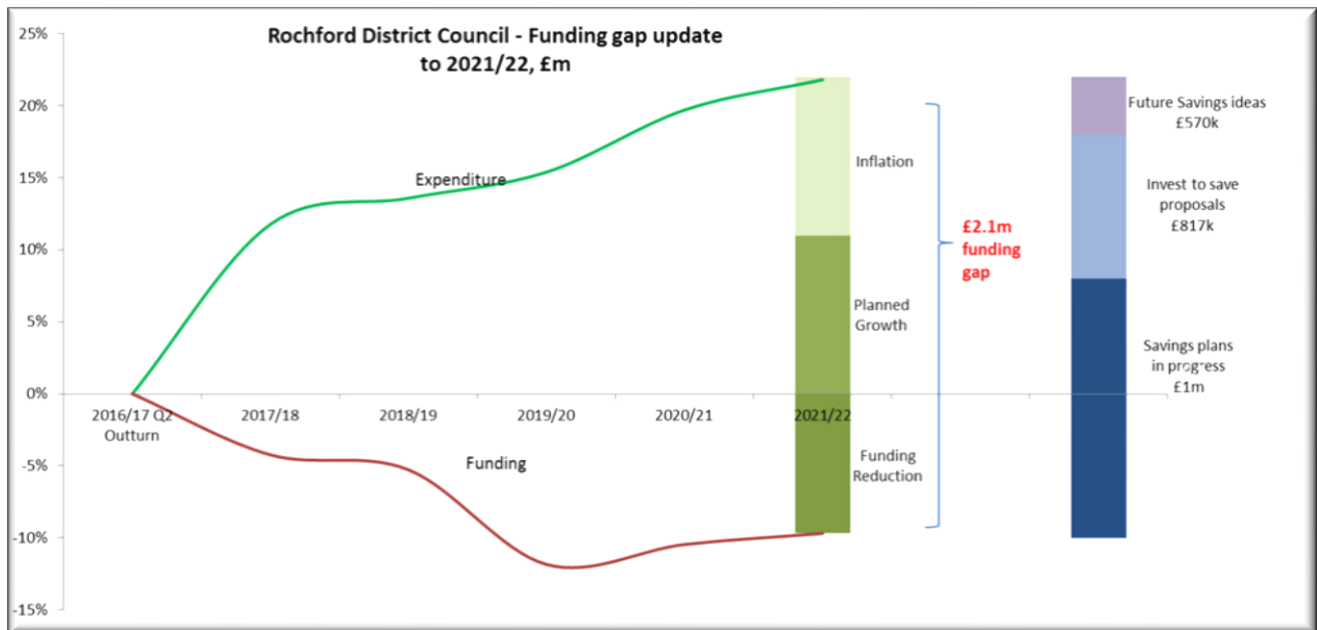
Prior Period Adjustments

The 2015-16 published accounts, in error did not include some of the land owned by Rochford District Council. Note 6a of the 2016-17 accounts quantifies this.

Looking Ahead

The future position which RDC faces financially will be challenging. In the autumn a forecast difference between funding available and the expenditure of the organisation was identified of approx. **£2.1m by 2022**

The graph below represents the Medium Term Financial Strategy of Rochford, from both a funding and expenditure point of view.



By 2022, there is a forecast funding gap of £2.1 million, due to a perfect storm of:

- reduced government funding (through the Revenue Support Grant being halved and then removed within two years);
- growth in services through demographic changes and increased service need (homelessness); and
- increasing inflationary pressures (such as the Living Wage).

However, Rochford District Council took bold steps in 2015/16 to address these pressures through savings concepts. The total concepts identified equate to £2.4m which means that, if everything delivered 100% on time, the gap would be closed based on current economic / funding estimates. However, this is highly unlikely due to the highly volatile nature of certain types of spend, such as homelessness, as well as the incentivised funding of £1.2m that is provided but not guaranteed each year. The Council, therefore, needs to continue with its transformation ambition within the Business Plan.

Savings and income plans of **£0.7m** were approved in the 2017/18 Budget as set in Council in February; further ideas and concepts were included for future years but these are not yet approved and will be considered in future budget rounds. The Council cannot shy away from tough decisions that will need to be made in these fiscally challenging times.

The savings plans currently being considered for 2017/18 through to 2021/22 can be split into the following key headings, all of which are ongoing savings, net of any ongoing costs but excluding any one off funding requirements:

£m	Baseline savings by 2022
Income Generation	0.95
External Efficiency	0.45
Internal Efficiency	0.38
Demand Reduction	0.65
Total Gap closure ideas	2.43

Conclusion

Through careful management and fiduciary care, Rochford District Council has been able to close its 2016/17 accounts showing a robust position, which will support the Council in meeting the financial challenges of 2017/18 and beyond. The projections for future year's finances indicate a gap between the Council's expected funding streams and the Council's expenditure therefore it is essential that the Council continues with its drive to transform itself and continue on its journey of becoming financially self-sufficient.

The draft statement of accounts presented on the Rochford District Council website is unaudited and that the statement of accounts as published may be subject to change.



Rob Manning

Section 151 Officer

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:-

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For the year 2016/17, the responsible officer was the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve and publish a Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing this Statement of Accounts, the Section 151 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

The Section 151 Officer has also:

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

Opinion

The post audit Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2017, and its income and expenditure for the year then ended.

Signed:
Section 151 Officer

The Chairman's Approval

I confirm that these accounts were approved by the Audit Committee at its meeting on

Signed:
Chairman of the Audit Committee

Date:

Appendix

ANNUAL GOVERNANCE STATEMENT FOR 2016/17

1. What is Corporate Governance?

Rochford District Council (The Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for and is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 2000 to make arrangements to continually review and improve the way in which its functions are exercised, while at the same time offering value for money and an effective and efficient service. This Annual Governance Statement (AGS) covers the financial year 2016/17 [but extends to cover the period to the signing of the Statements of Accounts at the end of September 2017]. This statement is an opportunity to demonstrate compliance with the Code of Corporate Governance.

To meet this overall responsibility the Council is required to put in place proper arrangements for overseeing what is done (this is what is meant by governance), to ensure that its functions are carried out in the right way, in good time and in an open, honest and accountable way, including arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. The Council acknowledges its responsibility for ensuring there is a sound system of governance, incorporating the system of internal control.

This Statement explains how the Council has complied with the Code and also meets the requirements of regulation 6(1) (b) of the Accounts and Audit Regulations 2015 the completion of an Annual Governance Statement.

The governance framework comprises a range of systems, policies, procedures, culture and values by which the Council is directed and controlled and the methods by which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic aims, manage risks and to address issues that have a serious impact on the Council's finances, reputation or the delivery of efficient and effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide a reasonable assurance of effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact of those risks happening, and to manage them efficiently, effectively and economically.

2. How has this statement been prepared?

The Council has a duty to conduct at least an annual review of the effectiveness of its governance arrangements including the system for internal control. The Council considers its Internal Audit Service to be a key component of its governance framework.

The work of Internal Audit (specifically the Chief Audit Executive's annual report and opinion), Service Assurance Statements completed by senior management, other subject specific reports from relevant senior management, external review agencies and our external auditors are taken into account in producing this Statement. Further to this Internal Audit track and report to the Audit Committee on whether its recommendations made to improve the governance arrangements, risk management processes and systems of internal control are implemented effectively and promptly.

It was reported in 2015/16 that due to the limitations of the extent of Internal Audit work, that the Chief Audit Executive was not able to provide an opinion of the overall adequacy and effectiveness of the council's systems of governance, risk management and internal control. This is not the case for 2016/17. The Chief Audit Executive is satisfied that sufficient work has been undertaken to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements. Based on the work performed during 2016/17 and other sources of assurance, the Chief Audit Executive can provide adequate assurance that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2017, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve the arrangements to enhance the Council's governance framework.

The Chief Audit Executive's Annual Report for 2016/17 makes reference to the fact that five audit reviews received a "Limited" assurance opinion; Business Rates, Contract Procedures, Contract Management (for a specific contract), Disabled Facilities Grants and Debtors. Action plans to improve controls arising from these limited assurance reviews were agreed and will be monitored for implementation during 2017/18.

The opinion does not imply that Internal Audit has reviewed and commented on all risks and assurances relating to the Council. It should be stated that it is not expected that all Council activities will be subject to internal audit coverage in any one year. A key area where Internal Audit has not undertaken any work for 2016/17 is in relation to Information and Communication Technology and, in this respect, is reliant on other forms of assurance; both internal and external. It should also be recognised that the Council continues to implement a programme of considerable organisational change through 2017/18 that will directly impact on the internal control environment, notably the ICT migration project.

3. What are the Council's governance arrangements and how have we performed?

The Statement is set out in line with the seven core principles detailed within the Delivering Good Governance in Local Government Framework and many of the areas detailed apply to more than one principle.

The Statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous Statements, which are available on the Council's website. This Statement, therefore, describes the key changes and developments within the Council's governance framework during 2016/17 and up to the date of approval of the Annual Financial Report.

The progress that has been made in dealing with the significant governance issues identified last year is included in Section 4 and the significant governance issues identified from the governance review are highlighted at 5

▪ **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The Council's **Constitution** sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. It clearly defines the roles, responsibilities and delegated powers of the following:

The Executive

Review Committee

Investment Board

Leader of the Council

Chairman of the Council

Committees carrying out specific probity and regulatory functions:

Development Committee,

Standards Committee

Audit Committee

Licensing Committee

Appeals Committee

Citizens

Head of Paid Service

Monitoring Officer

Section 151 Officer

Other Chief Officers

The Constitution includes the key governance frameworks of the **Scheme of Delegation** and **Financial Regulations**.

The Constitution was updated after the restructure in 2015 to reflect new responsibilities and job titles etc. A full review of the Constitution commenced during 2016/17 and will be an ongoing piece of work during 2017/18 This will be reviewed annually once completed.

Also included in the Constitution are **Contract Procedure Rules** which were updated and approved by the Council in December 2015 and are also under review to ensure they keep pace with the changing financial environment.

Staff and Members are bound by an **Officer Code of Conduct** and a **Member Code of Conduct** respectively. Elements of these are reviewed and updated annually.

Staff and Member induction outlines the key requirements of relevant Codes of Conduct.

Members of the Development, Licensing and Appeals Committees undertake **mandatory training** as appropriate as well as induction and refresher training over the course of the year where necessary.

The Standards Committee is responsible for promoting and maintaining high standards of conduct by Councillors and co-opted Members and for Member Training. The Committee convened on three occasions during 2016/17. The structure and full terms of reference for the Committee are detailed in Article 9 of the Constitution.

The Council has a **whistleblowing** policy where staff may raise concerns that they may have in the workplace which could include bullying, illegal, improper or unethical conduct.

▪ **Principle B: Ensuring openness and comprehensive stakeholder engagement**

The Council has clearly defined its vision, priorities and objectives, as articulated by the **Business Plan for 2016 to 2020**, which was developed and approved following a robust consultation process with residents, Members, Parish and Town Councils, local businesses, partner organisations and staff. With the development of the Council's Business Plan it was recognised that **partnership working** would be central to its delivery.

The Council continues to be a key partner in the Castle Point & Rochford Local Strategic Partnership and its sub-groups. The Council provides the secretariat function for the local Health & Wellbeing Board and has devised a focused work plan based on clear priorities to which all partners contribute. The Portfolio Holder for Community currently chairs the local Community Safety Partnership (CSP). Each year the CSP must produce a Strategic Assessment, an analysis of community safety information and data across Rochford District and Castle Point, which in turn informs local priorities. The CSP also funds local initiatives designed to support community safety.

In the spring of 2016 a Partnership Review took place. All Assistant Directors were asked to review partnerships for their service areas based on the information provided in the previous review undertaken. A particular emphasis was placed on

linkages to current and future work; were there any partnerships that could be removed or any that need to be added? This was then fed back to the Leadership Team for consideration.

A set of Partnership Guidelines were issued by the Programme Office in late 2016 which formed part of a suite of support materials designed to assist the project teams working on Business Plan projects.

▪ **Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The Business Plan for 2016-2020 provides clear focus to prioritise the Council's activity and resources to:

- Become financially self-sufficient
- Take early intervention
- Maximise assets
- Enable communities on the basis of "our residents will be at the heart of everything we do".

The **Medium Term Financial Strategy** (MTFS) (covering the period 2017/18 to 2021/22), including the 2017/18 annual **budget** and **capital strategy**, was presented to Council on 14 February 2017.

The above collectively demonstrate effective short and medium-term financial planning and effectively link financial and business planning to enable the Council to balance the delivery of quality services along with its priorities and aspirations and maximise the effectiveness of its assets.

The MTFS took account of the Council's long-term financial sustainability and recognised the key risk, namely identifying a £2.1m funding gap by 2022. The MTFS then took account of various options through savings, income generation and investment concepts to mitigate this risk, as proposed by Officers and Members alike. The MTFS will be refreshed again in 2017/18, with more certainty and delivery plans built around said savings, income and investment concepts.

The organisation has **strong financial management** at the heart of everything it does. The Budgets are devolved to Directors and Assistant Directors. Effective budget monitoring is achieved through monthly engagement with Finance through a Finance Business Partner model to ensure that each pound is accounted for correctly to maximise value for money, in both revenue and capital terms.

The organisation receives **regular reports on financial health** through quarterly Executive outturn reports, three Treasury Management updates, quarterly reviews of

budgets and an annual MTFs refresh. These reports are open and transparent and provide an appropriate level of detail and insight including now the potential impact on the future strategy of historic actions.

The MTFs has identified a funding gap in future years, which will have to be tackled through savings, income generation and potentially investment decisions over the coming months and years. The MTFs and associated savings plans were discussed at two Member budget away days which proved fruitful in terms of discussion and engagement between officers and members as well as a dedicated briefing to the opposition. Arrangements allowed savings plans to close the budget gap in 2017/18 to be worked through and considered in advance of the Council meeting in February 2017 allowing sufficient confidence to be gained by Members and residents alike.

Since 2015 Rochford has employed the services of a named Essex County Council Head of Finance as its **Section 151 Officer**, to provide strategic finance direction, support the Finance Team and provide the organisation with a springboard through the MTFs to identify its financial strategy, linked to the new Business Plan.

The agreement with Essex County Council for the provision of the Section 151 Officer continues until September 2018. Therefore, the Council will need to promptly identify and implement suitable arrangements after this date.

The Council continued to participate in the One Public Estate initiative during 2016/17 working with government and other agencies on public property and land issues through sharing and collaboration. During the year a full review of the Council's Asset Register was undertaken with a view to supporting the "Maximise Our Assets" priority section within the Business Plan for 2016-2020. A framework has been identified for managing and monitoring the capital programme. This aims to ensure:

- Investment in statutory and priority services to ensure continuation of essential services and value for money
- That landlord and owner responsibilities are undertaken, including priority items identified through the Asset Management Plan
- Improved infrastructure that has an influence on economic activity and the wellbeing of the District, mainly in relation to the improvement of town and village centres
- That priority items flowing from key strategy documents are addressed
- That external funding opportunities are maximised
- Revenue income generation or reduce revenue costs

The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Addendum (2012) to Delivering Good Governance in Local Government Framework (CIPFA/SOLACE)

▪ **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

On-going work on the various Business Plan projects is scrutinised by the Programme Office, which includes partnership working.

The Council has an embedded corporate **performance management system** providing reports to Members on a monthly basis via a Corporate Dashboard of key indicators, including an Exceptions Report to comment on any poorly performing measures.

Performance indicators, with annual targets, are set and regularly reported to Senior Management and Members [see below] to provide clear visibility of performance and, where necessary, prompt required remedial action.

Data is reviewed before publication to ensure its accuracy and that supporting commentaries are meaningful. The indicators and targets to be reported for 2017/18 are under development in conjunction with Assistant Directors.

Ongoing work was carried out through 2016/17 to develop a People Plan, supported by a new appraisal system that focuses on continual performance management. Work on these was underpinned by an externally hosted staff survey which had an 89% response rate, so there is assurance that the results are a valid view of the Council's employees. There has been significant staff engagement in developing the People Plan which will be rolled-out in 2017/18 with appropriate training.

Trials of the appraisal system were started late in 2016/17, with two service teams to determine effectiveness and obtain feedback further to a full roll out in 2017/18 that will include a continuous review of effectiveness.

Each Assistant Director completed, as at year-end 2016/17, a **Service Assurance Statement** that self-assesses compliance with key Council policies, controls and procedures. These were accompanied by an action plan to address any identified areas for improvement.

The Assistant Directors self-assessed that there was a high level of full or partial compliance with the required arrangements. Areas for improvement highlighted by these self-assessments were:

- Staff performance management
- Health and Safety service area refinement

- Service area business continuity area refinement
- Refinement of operational risk registers
- **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Council went through a further change in its staffing and operational structures during 2016/17 with the Chief Executive post removed and the creation of Managing and Executive Director posts.

Change projects and activity relating to commercial objectives were supported by the production and review of project plans, associated risk registers and project management, including reporting. This was further complimented by the work of the Programme Office whose role is to offer general project support and assistance to project teams.

- A cross-group member Investment Board was established in 2015. It is a committee of Full Council and makes decisions on investment/commercial matters as well as providing oversight and robust governance of decisions related to the Council's commercial and investment objectives as identified in its Business Plan. **Principle F: Managing risks and performance through robust internal control and strong public financial management**

The Council has a **Risk Management Strategy** that is translated into a **corporate and operational risk registers** to manage risk at a strategic and operational level on an ongoing basis. Projects also have specific risk logs.

A **review of the Corporate Risk Policy and Risk Register** 2016/17 was undertaken by the Audit Committee in September 2016 with a revision for 2017/18 confirmed by that Committee in March 2017.

The corporate risk register is reported to the Audit Committee every six months and will be considered by the Leadership Team on a quarterly basis from April 2017.

The **Risk and Performance Manager** provided an independent critical friend challenge of the **corporate and operational risk registers** during 2016/17 to ensure they adequately identify and articulate the Council's significant risks and set out appropriate remedial action.

The focus of risk management work in 2016/17 was to ensure that the Council was alert to, and had appropriate controls in place, to manage the revised nature of the risks it was facing in the light of the redesign of the Council's Management and Operational structure, and changing external circumstances. During 2016/17,

Operational Risk Registers were replaced by Service Area Risk Registers in Quarter Four (i.e. January to March 2017).

The Corporate Business Continuity Plan was revised in the first quarter of 2017 and the intranet entries updated. Work is proceeding on updating service area arrangements

The Emergency Plan was reviewed in the first quarter of 2017 and the web site and intranet updated. The Plan was activated for a number of small incidents relating to flooding and travellers. Essex wide procedures have been agreed for assisting people evacuated from their homes and joint training will take place later in the year. Agreement has been given for training of all staff in how they may assist the Council's emergency response.

During 2016/17 **counter fraud work** was limited to that associated with revenues and benefits fraud e.g. the identification and investigation of false representation to claim Housing Benefit, Business Rate and Council Tax discounts and exemptions. The Council has been without any specialist, qualified counter fraud resources since September 2015 when the in-house Revenues & Benefits Fraud Team were transferred to the DWP, although the Compliance Officer, in Revenues & Benefits, is actively identifying and correcting payments in these areas along with Team Members.

It is acknowledged that the Council needs a wider, more strategic approach to counter-fraud arrangements that proactively targets significant key fraud risk in all areas of the Council's day to day business. During 2016/17, the council identified a Counter Fraud champion to act as the pivotal person to drive an internal review of policies and procedures, with the task of planning and executing full refresh of the Counter fraud arrangements within the Council, providing regular reporting to both the Leadership team and the Section 151 officer. This plan uses the CIPFA best practice guidance as its basis and will involve each of the Assistant Directors to own and shape the policies in the future. Internal Audit work considers the risk of fraud in planning all individual audits.

▪ **Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The **agendas, minutes and decisions** of the Council, Cabinet and all committees of the Council are publically available through the Committee Management Information System (CMIS), via the Council's website. These documents are clear and published promptly.

All Committees have clearly defined roles, responsibilities and working protocols as expressed through the Constitution with specific terms of reference detailed on CMIS and on each published agenda.

The Review Committee provides an overview and scrutiny function for the Council. The Committee comprises 15 members enabling wide engagement and focus on a

range of issues. An annual report on the work of the Review Committee in 2016/17 was presented to the Council on 25 April 2017.

The Review Committee has its own programme of training. Members of the Committee attended three courses in 2016/17. The first was an Introduction to Overview and Scrutiny at Rochford, run by the Council's Overview and Scrutiny Officer. The second, "Making effective use of Overview and Scrutiny" and the third "Assessing evidence, drawing conclusions and drafting effective recommendations", were run by an external provider from the Centre of Public Scrutiny.

The Committee determines its workplan and how it will be fulfilled. During 2016/17 the Committee considered a number of topics. It has a duty to scrutinise decisions made by the Executive

Throughout 2016/17 the Council had in place the statutorily required roles of Head of Paid Service, Chief Finance Officer ("Section 151 Officer") and Monitoring Officer. The **Head of Paid Service** is the Managing Director. The **Monitoring Officer** is the Assistant Director for Legal Services.

The financial management arrangements complied with the required practices as set out by the **CIPFA Statement on the role of the Chief Finance Officer**.

During 2016/17 an interim Chief Audit Executive was provided by Essex County Council through a Memorandum of Understanding. This rectified the position in 2015/16 when the post was unfilled. The Council therefore met the requirements of the CIPFA Statement of the role of the Head of Internal Audit and conformance with the Public Sector Internal Audit Standards for 2016/17.

During 2016/17 the Council continued to complete **Safeguarding** self-assessments to develop its commitment and approach to the Essex Safeguarding Children and Adult Boards in line with an action plan arising from a December 2015 self-assessment that scored 82% compliance. In September 2016 a follow-up self-assessed score of 92% was achieved. Plans to progress beyond this score are in hand.

A new Safeguarding Policy was approved during the year, with increased awareness and operational training for staff and Members. This has resulted in several safeguarding referrals to the appropriate authorities. New internal safeguarding arrangements were introduced to ensure that continuing strategic and operational updates are available to all staff and Members.

Following an audit of our Management of Occupational **Health and Safety** (H&S) in December 2015, the Council has continued to make progress in relation to the implementation of improvements; it is working to enhance the safety culture throughout the organisation at all levels.

In the last few months there have been reviews of the

Health and Safety Policy; Fire, legionella, accident reporting, manual handling, and COSHH policies, Leadership Team H&S training was completed on 15 December 2016. Manager H&S training was on completed 1 March 2017. Fire marshal training was completed in February 2017 and a Member H&S briefing session was held on 21 March 2017. 21 March 2017

Looking forward activity will include submission of quarterly health and safety reports and Accident / incident statistics to the Leadership Team; the development of a 3-5 year health and safety strategy, the implementation of a programme of workplace inspections and an increased level of information available to employees.

Officers will continue to work hard to develop all areas of the business in relation to health and safety in order to protect individuals and the organisation.

The Council was compliant with the **Public Service Network ICT security requirements** for data handling during 2016/17. This expired in January 2017 and a re-submission is pending until completion of outstanding items identified during a third party penetration test carried out as part of the re-submission process. A significant part of issues identified, including all of the higher risk items, have been cleared following the test.

The Council's ICT network is managed by an external provider and appropriate industry standard cyber security measures are in place

The Assistant Director – Legal Services is the Council's **Senior Information Risk Owner (SIRO)**. The SIRO has reviewed information governance-related policies in 2015/16. Work has commenced in preparation for the introduction of General Data Protection Regulations (GDPR) including the development of Privacy Impact Assessments which will be required for future project implementation. To further improve arrangements, an **Information Management Toolkit** is being produced.

Relevant staff received training in 2015/16 on the Data Protection Act (DPA) and the Freedom of Information Act. Information Asset Owners need to specified and relevant staff have been made aware of their responsibilities.

There have been no reportable breaches under the DPA during 2016/17.

In September 2016 the Council's external auditor, presented an **unqualified opinion on the financial statements** for the year ending 31 March 2016 in their final report to the Audit Committee

4. Dealing with last year's key improvement areas

The following table sets out how the Council has addressed matters arising from the 2015/16 annual review of governance and how they have been addressed in 2016/17.

The second table sets out those matters arising in 2016/17 and how these will be addressed in 2017/18.

MATTERS ARISING IN 2015/16	ACTION IN 2016/17
<p>The Local Code of Governance has not been reviewed for a number of years (latest available on the intranet dates to 2004), in particular to ensure it reflects current structures, roles and responsibilities.</p> <p>The Constitution needs reviewing and updating to take account of recent organisational change.</p>	<p>The planned review of the Constitution commenced during 2016/17 and will continue into 2017/18.</p> <p>A refresh of the Local Code of Governance will be carried out as part of that review.</p>
<p>Ensuring financial resilience given planned future reductions in Central Government funding. Ensuring effective processes to identify and then deliver required savings.</p>	<p>In 2016/17 as part of the MTFS the Council delivered its planned savings targets to ensure that the funding gap was bridged</p>
<p>Implementation of the new top tier management arrangements during 2016/17.</p>	<p>Managing and Executive Director posts, created during 2016/17 have been and confirmed subject to an element of adjustment to the Executive Director post by Council in April 2017</p>
<p>Undertaking insufficient Internal Audit work completed to provide an annual audit opinion.</p> <p>Securing provision of Chief Audit Executive (CAE) and the future delivery of the Internal Audit and Counter Fraud service when agreement with Essex County Council expires</p>	<p>An agreement with Essex County Council meant that an appropriate Internal Audit structure was in place for 2016/17 which enabled an effective Annual Audit Opinion to be made</p> <p>A procurement exercise has secured the provision of a CAE from Basildon Borough Council for a term of three years wef 1/4/2017.</p>
<p>Establishing a trading arm to effectively</p>	<p>A trading company framework has</p>

<p>identify relevant commercial opportunities and ensuring robust governance and oversight of decision making and outcomes.</p> <p>Staff capacity and capability to work in a commercial manner.</p>	<p>established with one trading company grounds maintenance related) commencing business in December 2016.</p> <p>arrangements are in place under the auspices of the Investment Board</p>
<p>Improving corporate health and safety arrangements</p>	<p>A Health & Safety Officer was appointed</p> <p>Revised policies and procedures were introduced and health & safety culture will be further developed going forward</p>
<p>Improving staff performance management and development processes</p>	<p>Trials for a new staff appraisal scheme based on continual performance management commenced in the latter part of 2016/17</p> <p>This scheme together with a People Plan will be rolled out in 2017/18</p>
<p>Improving Information Governance arrangements</p>	<p>Work has commenced in preparation for the introduction of General Data Protection Regulations including the development of Privacy Impact Assessments. An Information Management Toolkit is being produced.</p>

5. Governance areas to be developed in 2017/18

MATTERS ARISING IN 2016/17	ACTION FOR 2017/18
<p>Migration of Council ICT to Azure Cloud</p>	<p>A revised approach for the migration was agreed by The Council on 31/5/2017.</p> <p>This is to be project directed by an in-house project manager in co-operation with the future managed ICT service provider and the outgoing provider</p>
<p>Continued development of a Health &</p>	<p>The Health & Safety Action Plan will continue to be delivered with further</p>

Safety Culture	policies drafted and training delivered
Ensuring financial resilience given planned future changes in Central Government funding.	The Medium-Term Financial Strategy will be reviewed and refreshed in 2017/18 with a focus on firming up the current plans to deliver savings, generate income and progress investment opportunities.
Ensuring effective processes to identify and then deliver required savings.	The 2017/18 Budget and MTRS continued the strategic financial review of the Council's position, including scenario's around Council Tax, Business rates and New Homes Bonus funding.
Development of counter fraud activity	A new Counter Fraud Champion was identified in 2016/17, and the work started to review existing policies, and plan a full refresh of Counter Fraud within the council
Homeless Budget arrangements	To monitor effectiveness of new staffing structure focussed on early intervention and prevention savings. To continue work on 2016/21 Homelessness Strategy action plan, prioritising temporary accommodation and investment opportunities
Delivery of Business Plan	The delivery of the Business Plan and its associated projects will continue to have oversight by the Programme Office with ongoing monitoring and reporting to Members and Senior Management. The Investment Board will continue to be closely involved in decision making in respect of project development
Improving staff performance management and development processes	The new appraisal system together with a People Plan will be rolled out in 2017/18

We are satisfied that the above steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation.

Signed: Date:

Leader of the Council

Signed: Date:

Managing Director

INDEPENDENT AUDITOR'S REPORT TO ROCHFORD DISTRICT COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of Rochford District Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement;
- Balance Sheet
- Movement in Reserves Statement
- Cash Flow Statement;
- The related notes 1 to 29 to the Authority Accounts, including the Authority's Expenditure and Funding Analysis;
- Collection Fund and related noted 1-6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Rochford District Council in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Section 151 Officer and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Section 151 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 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Rochford District Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the S151 Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Financial Report 2016-17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion, the information given in the Annual Financial Report 2016-17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Rochford District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

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

Auditor's responsibilities

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

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the PCC put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Rochford District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

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

Kevin Suter (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
xx September 2017

The maintenance and integrity of Rochford District Council's web site is the responsibility of the Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2016/17

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GUIDE TO THE FINANCIAL STATEMENTS

Authority's Published Accounts

The Statement of Accounts (comprising the primary financial statements and notes to the accounts) is part of a wider financial report (called the Annual Financial Report), which also includes the Annual Governance Statement, the Strategic Report and the Auditors Report, which is given at the conclusion of the audit. The responsible financial officer's true and fair certification in the Statement of Responsibilities covers the Financial Statements and notes as does the Auditor's report.

The Financial Statements within this document have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), which defines proper accounting practices for local authorities. The Code requires that the core financial statements and notes be prepared consistently with International Financial Reporting Standards (IFRS) as adopted for use in local government. The Code is revised every year and the current revision introduced the requirement that the Comprehensive Income and Expenditure Statement (CIES) reflect the way activity is reported internally. The Expenditure and Funding Analysis (EFA) has also been introduced to reconcile segmental reports reported internally for decision making, with the segmental amounts reported in the CIES.

The accounts have been prepared on a going concern basis. This means that the Authority will continue to operate its services for the foreseeable future, usually considered to be for the duration of the Authority's planning period, which is for the next five years. This conclusion is based on the Authority's ability to accommodate major funding changes introduced by the Government, the level of reserves that the Authority holds and its successful track record of service delivery.

The Council's Auditor is Ernst and Young

The Primary Financial Statements

In all Statements and some of the notes to the Statements it has been necessary to round some of the figures to ensure that all Statements agree to each other and, where applicable, figures equal the detailed notes. This is required due to the way in which the accounts are formulated. Figures will only have been increased or decreased by a maximum of £2,000, and therefore do not affect the interpretation of the accounts.

Comprehensive Income and Expenditure Statement (CIES)

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

For 2016/17, the Authority's movement in balances is a net contribution to unearmarked General Fund reserves of £156,822.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2017. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves, and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Authority 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'.

As at 31 March 2017 the Authority has seen a net increase in its assets of £0.098m compared to the same time in the previous year. This comprise of increases in Non-Current Assets of £3.875m and Current Assets of £2.747m, a fall in the value of Current Liabilities of £0.57m and in increase in the value of the pension liability of £7.1m.

Movement in Reserves Statement.

This shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves.

Cash Flow Statement

The Cash Flow Statement shows the movement in cash and cash equivalents of the Authority during the reporting period. Cash inflows are money received by the Authority and can be from various sources such as Council Tax and Business Rates, fees and charges and government grants. Cash outflows are the money paid out by the Authority, and include payments to suppliers and grants to third parties.

As at 31 March 2017, the Authority's cash balances had increased by £2.099m since 31 March 2016.

The Collection Fund Income and Expenditure Account and Associated Notes

This Authority is a billing authority and this means that it bills and collects Council Tax and National Non Domestic Rates on behalf of other precepting authorities (e.g. the County Council) and Central Government. A statement of Income and Expenditure of the Collection Fund administered by Rochford District Council and the associated notes is reproduced after the notes to the Primary Financial Statements.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 (Restated)*			2016/17		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
Continuing Operations					
1,667	(24)	1,643	1,510	(27)	1,483
243	(579)	(336)	749	(483)	266
523	(1,405)	(882)	1,862	(1,559)	303
1,274	(652)	623	913	(656)	256
5,176	(1,729)	3,447	4,909	(1,580)	3,330
21,036	(19,292)	1,744	21,022	(19,496)	1,525
3,534	(766)	2,768	3,251	(1,121)	2,130
<u>33,453</u>	<u>(24,446)</u>	<u>9,006</u>	<u>34,215</u>	<u>(24,922)</u>	<u>9,294</u>
	974				350
	858				909
	(11,808)				(11,688)
	<u>(970)</u>				<u>(1,135)</u>
		(Surplus) or Deficit on Provision of Services			
	(4,384)	Surplus or deficit on revaluation of non current assets			(4,769)
	-	Revaluation gains			-
		Revaluation losses (chargeable to revaluation reserve)			
	(2,058)	Remeasurements of the net defined benefit liability/(assets) (Note 29)			5,807
	<u>(6,442)</u>	Other Comprehensive Income and Expenditure			<u>1,038</u>
	<u>(7,412)</u>	Total Comprehensive Income and Expenditure			<u>(98)</u>

* In the 2015-16 accounts the Comprehensive Income and Expenditure Statement analysed income and expenditure across headings specified by the Service Reporting Code of Practice. In the 2016-17 accounts income and expenditure is analysed across budgeted service areas. The 2015-16 income and expenditure analysis has been restated to reflect this change. The service areas are consistent with those in the Expenditure and Funding Analysis and removes the need for a separate Segmental Reporting statement.

Balance Sheet as at 31 March 2017

31 March 2016 £000s		31 March 2017 £000s
Restated		
42,190	Property, Plant & Equipment (Note 12)	46,097
191	Intangible Assets (Note 14) Software	159
	Long Term Debtors	
4	Mortgages	4
42,385	Long Term Assets	46,260
2,576	Short Term Debtors (Note 16)	3,224
5,280	Cash and Cash Equivalents (Note 17)	7,379
7,856	Current Assets	10,603
(3,650)	Short Term Creditors (Note 18)	(2,984)
(129)	Provisions (Note 18)	(223)
(3,779)	Current Liabilities	(3,207)
	Other Long Term Liabilities (Note 29)	
(27,344)	Net pensions liability	(34,440)
(48)	Capital Grants Receipts In Advance	(48)
(27,392)	Long Term Liabilities	(34,488)
19,070	Net Assets	19,168
5,262	Useable Reserves	8,326
13,808	Unuseable Reserves (Note 19)	10,842
19,070	Total Reserves	19,168

I certify that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2017 and the income and expenditure for the year then ended.

These financial statements replace the unaudited financial statements certified by Section 151 Officer on 29 June 2017

Signed:

Section 151 Officer

Dated:

Movement In Reserves Statement for year ending 31 March 2016 and 31 March 2017

	General Fund Balance	Earmarked GF Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total useable Reserves	Unuseable Reserves (Note 19)	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2015	806	1,799	1,613	708	4,926	6,732	11,658
Movement in reserves during 2015/16							
Surplus or (Deficit) on provision of services	970				970		970
Other Comprehensive Income & Expenditure						6,442	6,442
Total Comprehensive Income & Expenditure	970	-	-	-	970	6,442	7,412
Adjustments between accounting & funding basis under regulations (Note 7b)	520		(945)	(209)	(634)	634	-
Net Increase/Decrease before transfers to Earmarked Reserves	1,490		(945)	(209)	336	7,076	7,412
Transfers to/from Earmarked Reserves (Note 8)	(1,120)	1,120					-
Increase/(Decrease) Movement in Year	370	1,120	(945)	(209)	336	7,076	7,412
Balance at 31 March 2016 (Restated)	1,176	2,919	668	499	5,262	13,808	19,071
Movement in reserves during 2016/17							
Surplus or (Deficit) on provision of services	1,136				1,136		1,136
Other Comprehensive Income & Expenditure						(1,038)	(1,038)
Total Comprehensive Income & Expenditure	1,136	-	-	-	1,136	(1,038)	98
Adjustments between accounting & funding basis under regulations (Note 7b)	1,063		747	109	1,920	(1,919)	1
Net Increase/(Decrease) before transfers to Earmarked Reserves	2,199	-	747	109	3,055	(2,957)	98
Transfers to/from Earmarked Reserves (Note 8)	(2,042)	2,042			-		-
Increase/(Decrease) Movement in Year	157	2,042	747	109	3,055	(2,957)	98
Balance at 31 March 2017 carried forward	1,333	4,961	1,415	608	8,317	10,851	19,169

Cash Flow Statement for year ending 31 March 2017

2015/16		2016/17
Restated		
£000s		£000s
970	Net surplus or (deficit) on the provision of services	1,136
2,085	Adjust net surplus or deficit on the provision of services for non cash movements	803
(593)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,345)
<hr style="border: 1px solid black;"/>		
2,462	Net (Outflow)/ Inflow from Operating Activities (Note 20)	593
(684)	Investing Activities (Note 21)	877
17	Financing Activities (Note 21)	629
<hr style="border: 1px solid black;"/>		
<u>1,795</u>	<u>Net increase or (decrease) in cash and cash equivalents</u>	<u>2,099</u>
3,485	Cash and cash equivalents at the beginning of the reporting period	5,280
5,280	Cash and cash equivalents at the end of the reporting period	7,379

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Strategic Report to the CIES.

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

2015-16			2016-17			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
1,501	143	1,643	Leader	1,409	74	1,483
(402)	66	(336)	Finance	229	37	265
(745)	(137)	(882)	Enterprise	158	145	303
551	72	623	Planning	214	42	256
3,241	205	3,447	Environment	2,772	557	3,329
1,497	247	1,744	Governance	1,380	146	1,526
2,087	681	2,768	Community	1,434	696	2,130
7,729	1,277	9,006	Net cost of services	7,596	1,697	9,293
(9,219)	(757)	(9,976)	Other Income and Expenditure	(9,795)	(634)	(10,429)
(1,490)	520	(970)	Surplus or Deficit	(2,199)	1,063	(1,136)
(2,605)			Opening General Fund Balance including Earmarked Reserves	(4,095)		
(1,490)			Plus Surplus on General Fund in Year	(2,201)		
(4,095)			Closing General Fund Balance including Earmarked Reserves at 31st March 2017	(6,296)		

Notes to the Core Financial Statements

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

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

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

ACCRUALS FOR INCOME AND EXPENDITURE

The revenue accounts of the Authority are maintained on an accruals basis. This means that sums due to or from the Authority relating to the year are included whether or not the cash has actually been received or paid. A sum becomes due when a contractual obligation has taken place.

Where income and expenditure have been recognised in the Comprehensive Income and Expenditure Statement (CIES), but cash has not been received or paid, a debtor or creditor is raised for the relevant amount in the Balance Sheet. Debtors included in the accounts are net of the Provision for Bad Debts. Where amounts are not considered significant, these are not accounted for and are recorded separately from the accounts.

PROVISIONS AND CONTINGENT ASSETS /LIABILITIES

Provisions are made where an event has taken place that gives the Authority an obligation that will probably require settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation, but where the timing of the transfer is uncertain.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate at the balance sheet date of the likely settlement. 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 settlement is required (or a lower settlement than estimated is made) the provision is reversed and credited back to the relevant service.

In the event that a possible liability (or asset) arises which may require settlement by a transfer of economic benefits, but the timing and amount of the transfer is uncertain and the obligation will only be confirmed by occurrence or otherwise of a future event, then this will not be recognised in the Balance Sheet, but will be shown in a note to the accounts as a contingent asset or liability

ACCOUNTING FOR COUNCIL TAX

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the major preceptors. The amount credited to the General Fund under statute is the Council's demand for the year plus or minus the Council's share of the surplus or deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to Council Tax shall be measured at the full amount receivable (net of any impairment losses) as the transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from Council Tax payers belongs proportionately to the Council and the major preceptors. The difference between the amounts collected on behalf of the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

ACCOUNTING FOR NON DOMESTIC RATES (NDR)

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Authority's General Fund, or paid out to the precepting authorities and the Government. The amount credited to the General Fund under statute is the Authority's share of NDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Authority from NDR payers belongs proportionately to the Billing Authority, the precepting authorities and Government. The difference between the amounts collected on behalf of the precepting authorities and Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Provisions for NDR Appeals

The way that local government is funded was changed by the Government with effect from 1 April 2013 with the introduction of the Rates Retention Scheme. As part of the scheme, the Authority has to make a provision for the outcome of appeals against rating valuations; this is a risk that has been transferred to local authorities. Whilst it is difficult to accurately predict the outcome of appeals handled by the Valuation Office Agency, a provision of £557K (£320K for 2015/16) has been made for appeals that result in a reduction in rateable value. The provision is based on past successful appeals and their monetary impact on collectable business rates.

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 investments that mature within 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. Therefore these transactions are adjusted in the General Fund balance by a transaction between the Capital Adjustment Account and the Movement in Reserves Statement.

EMPLOYEE BENEFITS

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements and flexi leave earned by employees but not taken before the year-end which employees can carry forward in to the next financial year. This accrual is charged to the relevant service, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs, but there is no impact on the amount chargeable to Council Tax.

Termination Benefits

Termination benefits, are payable as a result of a decision by the Authority to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. These are charged on an accruals basis to the appropriate Service or where applicable to the Non Distributed Costs in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for the 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from 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.

The Authority's policy on termination benefits does not involve additional pension contributions or enhancements for employees retiring early, other than what is required under Local Government Pension Regulations for employees that are made redundant after the age of 55 who are members of the scheme. For such employees made redundant, they shall receive the value of their pension on the date of redundancy without any actuarial reduction. This usually requires the Authority to pay a financial strain payment to the pension fund.

Post Employment Benefits

Local Government Pension Scheme (LGPS):

The Authority is a member of the LGPS which is a defined benefit scheme based on length of service and salary, administered on behalf of the Authority by Essex County Council.

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

Liabilities are discounted to their value at current prices using a discount rate appropriate for the scheme, based on the indicative rate of return on AA rated corporate bonds that reflect the duration of the pension liabilities.

Assets in the scheme attributed to the Authority are included in the Balance Sheet at their fair value, using either current bid price, professional estimate or market value for property.

Actuarial gains and losses are recognised immediately in the Comprehensive Income and Expenditure Statement (CIES), in line with the Actuary's treatment, these are then reversed out to affect the net pension liability. Note 30 provides the details of the transactions that have been made in the CIES and the General Fund via the Movement in Reserves Statement during the year.

The change in net pension 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 CIES to the services for which the employees worked;

- Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of Service earned in earlier years, e.g. benefits to a member such as added years. - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs.

- Net Interest on the Defined Liability – comprising interest income on the assets and interest expenses on the liabilities, which are both calculated by applying the discount rate used to measure the defined benefit liability - charged to the Financing and Investment Income and Expenditure line of the CIES.

- 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 to 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 Pension Fund – cash paid as employers' contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the amount chargeable to Council Tax for pensions to the sums certified by the actuary as employer contributions for the year. In the Movement in Reserves Statement there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the Fund but unpaid at year-end.

FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into two types:

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

The Authority only has loans and receivables.

Loans and receivables are recognised on the Balance Sheet when the Authority enters into the contractual arrangements for the financial instrument and are initially measured at Fair Value. The amount represented in the Balance Sheet is the outstanding principle receivable plus accrued interest, and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

All investments are short term (less than 365 days) fixed period cash deposits made in the United Kingdom and are shown at the cash value of the investment including any interest due.

GOVERNMENT GRANTS

Regardless of method of payment, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are the terms of the financing that specify if not met then the grant will be required to be returned to the transferor.

Where conditions are not yet satisfied, monies are carried as creditors in the Balance Sheet. When they are satisfied, it is then credited to the relevant service area in the Comprehensive Income and Expenditure Statement if a revenue grant, or to Taxation and Non Specific Grant income, on the face of the statement. Capital Grants are then reversed out of the General Fund balance in the Movement in Reserves Statement.

Unapplied grants are reversed into the Capital Grants Unapplied reserve until applied, when it is posted to the Capital Adjustment Account.

The Code of Practice requires that any unringfenced grant received by the Authority should be recognised as it is received. However it has been decided that in these statements it will be shown in the period to which it relates to enable reconciliation to grant determinations and budget information.

INTANGIBLE ASSETS

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

These are recorded in the Balance Sheet at historical cost. The balance is then amortised to the relevant service revenue account over the economic life of the asset (considered to be 5 years).

It is not permitted for the revenue charges to have an impact on the General Fund Balance, therefore they are reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

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 building, 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.

Currently Rochford District Council leases its Depot to the waste disposal contractor for a peppercorn rent. Also waste vehicles owned by the Council include an embedded lease arrangement whereby the waste disposal contractor will use them. These arrangements are due to continue for the duration of the waste contract which expires on 31st March 2022.

PROPERTY, PLANT & EQUIPMENT

Expenditure on the acquisition or enhancement of Property, Plant & Equipment has been capitalised on an accruals basis in the Balance Sheet.

Land and buildings are re-valued at least every five years while ensuring all major operational assets are valued annually. 15 out of 48 assets have been valued and the rest desktop reviewed in the valuations provided by Wilks Head & Eve as at 01 April 2016 (Members of the Royal Institute of Chartered Surveyors).

Fixed assets consist principally of the Authority's buildings. Assets are generally included in the Balance Sheet on the following basis:

- Operational assets have been included in the Balance Sheet at market value for existing use or depreciated replacement cost for specialist properties.
- Community Assets are recorded at Historic Cost.
- Fee-charging car parks have been valued taking into account all costs attributable to the running of the car parks.

Further details of the Authority's fixed assets can be found later in these Notes to the Core Financial Statements. The Authority's fixed asset register also contains vehicles used to provide the services under the Waste Collection, Street Cleansing and Grounds Maintenance Contracts.

Depreciation

Depreciation is charged to the Comprehensive Income and Expenditure Statement and on all operational assets. Depreciation rates are determined according to the life expectancy of individual assets. Depreciation is not charged for Community Assets. Depreciation is charged on a straight line basis and the useful economic life for Operational Assets as follows:

- 20-40 years for buildings
- 5-18 years for vehicles
- 5-10 years for furniture and equipment.

Car park land is not depreciated. The value of the surfacing and fencing is not significant and therefore does not need to be depreciated.

Componentisation

The Authority have made the decision not to componentise assets on the grounds of materiality.

RESERVES

The Authority sets aside specific amounts as Earmarked reserves for future policy purposes or to cover contingencies. Earmarked reserves are created by moving funds from General Fund Balances in to the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year for inclusion in the surplus/deficit on the provision of services, the reserve is then moved back into the General Fund Balance so that there is no net charge against Council Tax for Expenditure.

The following reserves are kept to manage the accounting process for non-current assets and employee benefits. These are not useable resources for the Authority.

- The Revaluation Reserve, which represents principally the balance of the surpluses or deficits arising on the revaluation of fixed assets.
- The Capital Adjustment Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.
- Short Term Absences Account which represents the amounts of untaken leave not yet represented in the accounts.
- The Pension Reserve holds the differences between amounts of pension costs and contributions and also the actuarial gains and losses.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Capital Expenditure, which does not give rise to a tangible non-current asset or where the economic benefit of the asset cannot be controlled by the Authority, is classified as Revenue Expenditure Funded from Capital Under Statute. These sums are written out of the accounts in the year they are incurred.

VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable.

Group Accounts

During the 2016-17 Financial Year Rochford District Council took the decision to establish a Trading Arm by way of a Local Authority LATCo Group Structure.

Rochford District Council is the sole shareholder of a holding Company called Green Gateway Trading Ltd. This company has a subsidiary called Green Gateway Trading (GM)Ltd. The latter commenced trading in December 2016 providing a grounds maintenance service to the local area.

The Council undertook an options appraisal regarding the Grounds Maintenance Service. The options considered were whether to continue to buy in the service from a third party, provide the service in-house, or to form a LATCo. The latter option was preferred and Green Gateway was formed.

Accounting standards require the Council to consider whether the production of Group Accounts is appropriate. In terms of the Control of the Group Companies Rochford District Council does exercise this, but in terms of materiality it is not considered necessary to produce Group Accounts for the Financial Year 2016-17. The assets and turnover of the trading company are less than 1% of that of the Council, also the Trading Company only provided services for around the last quarter of the year.

However the Council do anticipate the need to produce Group Accounts for 2017-18.

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

The following are the accounting standards that have been issued but not yet adopted by the Authority as at the Balance Sheet date. Under the Code of Practice on Local Authority Accounting, disclosure of the impact of accounting standards issued but not adopted is required. Following a review of the relevant standards it has been determined that there would be no material changes to the accounts if these were to have been adopted. The applicable changes for 2017/18 are as follows:

- 1) Amendments to the reporting of pension fund scheme transaction costs
- 2) Amendment to the reporting of investment concentration

These changes only relate to reporting by Pension Funds and therefore there is no direct impact to the Council's accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Depreciation is calculated based on the Useful Economic Life of an asset. When calculating these each year there is an assumption that there will not be major changes to the conditions of the assets or the market values.
- Each year Pension transactions are determined by the actuary. These are subject to triennial revaluations and accounting assumptions. The accounts are produced annually assuming that the assumptions used in that year will be in place going forward.
- New arrangements for the retention of business rates came into force on 1 April 2013 at which date the Authority assumed the liability for refunding ratepayers who successfully appeal against the rateable value of their properties. The Authority has made provision for potential successful appeals to 31 March 2017.

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

The following material transaction took effect in 2014/15 and impacts on 2015/16 and 2016/17 Financial Statements.

In 2013, the triennial actuarial valuation was carried out and an actuarial deficiency of £1.99m was identified and had to be paid. The Authority took the option to pay its deficiency payment for the next three years in one instalment which would make an estimated savings of £67,200. The actuarial deficiency amount of £1.99m was paid in 2014/15. The Actuaries assess the total net value of the Authority's liabilities as at 31 March 2017 to be £34.4m.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section 151 Officer on 29 June. Events taking place after this date up until the date of Committee approval are reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 March 2017, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no events after the Balance Sheet date to report.

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

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

The items in the Authority's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:-

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Depreciation	The annual charge made is based on Useful Economic Lives (UEL), which are only an estimation of the period of time over which an asset will continue to be of economic benefit to the Authority.	If the UEL changes significantly, then there potentially could be a significant change to the charge to service expenditure. This item however is reversed out of General Fund Balances so wouldn't impact on the level of reserves. It is estimated that the annual depreciation charge for buildings would increase by £39,000 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the authority with expert advice about the assumptions applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.447m. However, the assumptions interact in complex ways. During 2016/17, the Authority's actuaries advised that the net pensions liability in Balance Sheet had increased by £7.1m as a result of estimates being updated using the latest information. Details of Pensions Assets and Liabilities Recognised in the Balance Sheet are shown in Note 28.
Bad Debt Provision	The provision is based on a calculation of previous years' outstanding debts and is therefore based on historical information.	The amount of revenue recognised in the accounts will be incorrect and the level of assets recorded in the balance sheet will be incorrect. A movement in the level of the provision of 5% equates to approximately £108,000.
Business Rates Appeals Provision	The provision is based on past successful appeals and their monetary impact on collectable business rates. Provision for the reduction on rateable value are made for current year and previous years appeals outstanding. At present the rateable value of properties that are under appeal is £15.6m. The provision of £0.56m was based on historical trends of successful appeals of which RDC's share is £ 0.23m.	Any increase in the liability of this provision would be shared between Rochford DC, Government, Essex County and Fire Authority on the same basis as collectable funds get distributed. Rochford's share of the increase in liability will reduce funds available for the delivery of services. A 5% movement in the closing provision equates to approximately £11,000 for Rochford District Council.

Note 6a Prior Period Adjustments

The 2015-16 published accounts did not include some of the land values. The published accounts disclosed the value of Property, Plant and Equipment as £38.08m. However the value including the land that was excluded should have been £42.19m, a difference of £4.11m.

This error affected the Balance Sheet, the Movement in Reserves Statement and Cash Flow Statement and several of the notes, including Note 12 Property Plant and Equipment and Investment Property within the 2015-16 accounts.

The 2015-16 comparative figures in the Balance Sheet and affected statements and notes have been restated in the 2016-17 accounts to include the land that was omitted.

Note 7a - Note to the Expenditure and Funding Analysis

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

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2016/17			
	Adjustments for Capital Purposes	Net change for the Pensions	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Leader	2	72		74
Finance		37		37
Enterprise	110	35		145
Planning		42		42
Environment	534	23		557
Governance	49	97		146
Community	658	38		696
Net Cost of Services	1,353	344		1,697
Other income and expenditure from the Expenditure and Funding Analysis	(1,236)	945	(343)	(634)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	117	1,289	(343)	1,063

Adjustments for Capital purposes:

- Depreciation, impairments and revaluation gains and losses are added in the service lines
- Capital grants, expenditure and receipts reserve movements are shown within Other Income and Expenditure

Net change for pension adjustments:

- Employer contributions made by the Council are reversed from the service lines and replaced with current and past service costs as per IAS19
- The net interest on the defined benefit liability is shown within Other Income and Expenditure

Other:

- Timing differences for Council tax and Business rate income and charges for unpaid staff absences

Adjustments between Funding and Accounting Basis
2015/16

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Leader	1	142		143
Finance	-	66		66
Enterprise	(205)	68		(137)
Planning	-	72		72
Environment	155	51		205
Governance	46	201		247
Community	602	79		681
Net Cost of Services	598	679	-	1,277
Other income and expenditure from the Expenditure and Funding Analysis	(1,611)	893	(39)	(757)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(1,013)	1,572	(39)	520

Adjustments for Capital purposes:

- Depreciation, impairments and revaluation gains and losses are added in the service lines
- Capital grants, expenditure and receipts reserve movements are shown within Other Income and Expenditure

Net change for pension adjustments:

- Employer contributions made by the Council are reversed from the service lines and replaced with current and past service costs as per IAS19
- The net interest on the defined benefit liability is shown within Other Income and Expenditure

Other:

- Timing differences for Council tax and Business rate income and charges for unpaid staff absences

**7b. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS
UNDER REGULATIONS**

2016/17	Useable Reserves			Movement in Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(1,369)			1,369
Revaluation losses on Property, Plant and Equipment	16			(16)
Movements in market value of Investment Properties				
Capital grants and contributions applied	375			(375)
Movement in Donated Assets Account				
Revenue expenditure funded from capital under statute	(413)			413
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-			-
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	150			(150)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	155		(155)	
Application of grants to capital financing transferred to the Capital Adjustment Account			46	(46)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement			-	
Transfer of disposal value of investment property credited to Comprehensive Income & Expenditure Statement				-
Use of Capital Receipts Reserve to finance new capital expenditure		226		(226)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	970	(970)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1)	1		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Deferred Capital Receipts Reserve (England & Wales):				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement				
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,289)			1,289
Employer's pensions contributions and direct payments to pensioners payable in the year				
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	333			(333)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	10			(10)
Total Adjustments:	(1,063)	(747)	(109)	1,919

2015/16 (Restated)	Useable Reserves			Movement in Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(921)			921
Revaluation losses on Property, Plant and Equipment	323			(323)
Movements in market value of Investment Properties				
Impairment of non-current assets				
Capital grants and contributions applied	271			(271)
Movement in Donated Assets Account				
Revenue expenditure funded from capital under statute	(374)			374
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-			-
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	1,303			(1,303)
Capital Expenditure charged against the General Fund balances				
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	91		(91)	
Application of grants to capital financing transferred to the Capital Adjustment Account			300	(300)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement			-	
Transfer of disposal value of investment property credited to Comprehensive Income & Expenditure Statement				-
Use of Capital Receipts Reserve to finance new capital expenditure		1,268		(1,268)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	322	(322)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(3)	3		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Deferred Capital Receipts Reserve (England & Wales):				
part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement				
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,572)			1,572
Employer's pensions contributions and direct payments to pensioners payable in the year				
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	49			(49)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(10)			10
Total Adjustments:	(520)	945	209	(634)

Note 7c Expenditure and Income Analysed By Nature

2016/17

Reconciliation to Subjective Analysis 2016/17	Total £000's
Fees, Charges & other service income	(6,457)
Interest and Investment income	(36)
Taxation and Non Specific Grant Income	(11,689)
Government grants and contributions	<u>(18,465)</u>
Total Income	<u>(36,647)</u>
Employee Expenses	7,028
Other service expenses	8,345
Housing Benefit	18,429
Support Service recharges	-
Gain on Disposal of Fixed Asset	(970)
Depreciation, amortisation and impairment	1,359
Precepts & Levies	1,319
Payments to Housing Capital Receipts Pool	1
Interest Payment	-
Total Expenditure	<u>35,511</u>
(Surplus) or deficit on the provision of services	<u>(1,135)</u>

2015/16

Reconciliation to Subjective Analysis 2015/16	Total £000's
Fees, Charges & other service income	(11,965)
Interest and Investment income	(35)
Taxation and Non Specific Grant Income	(11,808)
Government grants and contributions	<u>(17,556)</u>
Total Income	<u>(41,364)</u>
Employee Expenses	7,904
Other service expenses	7,151
Housing Benefit	17,636
Support Service recharges	5,846
Gain on Disposal of Fixed Asset	(322)
Depreciation, amortisation and impairment	882
Precepts & Levies	1,293
Payments to Housing Capital Receipts Pool	3
Interest Payment	-
Total Expenditure	<u>40,395</u>
(Surplus) or deficit on the provision of services	<u>(969)</u>

8. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Balance at 1 April 2015 £000s	Transfers Out 2015/16 £000s	Transfers In 2015/16 £000s	Balance at 31 March 2016 £000s	Transfer Out 2016/17 £000s	Transfer In 2016/17 £000s	Balance at 31 March 2017 £000s
General Fund:							
Corporate	705	(167)	832	1,370	(158)	1,043	2,255
Housing	105	(4)	20	121	(113)	61	70
IT Strategy	4	(5)	270	269	(17)	71	323
Projects	798	(523)	884	1,159	(277)	1,431	2,313
Repairs and Maintenance	187	(187)	-	-			-
Total	1,799	(886)	2,006	2,919	(565)	2,607	4,961

9. OTHER OPERATING EXPENDITURE

2015/16 £000s		2016/17 £000s
1,293	Parish council precepts	1,319
3	Payments to the Government Housing Capital Receipts Pool	1
(322)	(Gains) from other capital receipts	(970)
974	Total	349

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2015/16 £000s		2016/17 £000s
-	Interest payable and similar charges	-
893	Pensions - net interest on defined liability (Note 31)	945
(35)	Interest receivable and similar income	(36)
-	Income and expenditure in relation to investment properties	-
858	Total	909

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2015/16 £000s		2016/17 £000s
(7,583)	Council tax income	(7,765)
(1,684)	Non domestic rates income and expenditure	(1,710)
(2,401)	Non-ring fenced government grants	(2,058)
(140)	Capital grants and contributions	(155)
(11,808)	Total	(11,689)

In 2016/17 all non-ring fenced grants received were recognised as they were received in compliance with the Code of Practice on Local Authority Accounting. Due to the timing of non-ring fenced grants receipts in 2016/17, it has not been necessary to depart from the Code to account for any non-ring fenced grants in the period to which they relate (where this is different from the period in which they were received)

12. PROPERTY, PLANT & EQUIPMENT

Movement in Balances

2016/17	Operational			
	Other Land & Buildings £000s	Community Asset £000s	Vehicles, Plant, Furniture & Equipment £000s	Total £000s
Balance at 1 April 2016	37,482	2,539	3,389	43,410
Adjustment for prior year				
Additions	374	10	83	467
Disposals	-	-	-	-
Revaluation gain (Revaluation Reserve)	4,012	-	-	4,012
Revaluation loss (Revaluation Reserve)	-	-	-	-
Revaluation loss (CI&E)	-	-	-	-
Gross book value as 31 March 2017	41,869	2,549	3,472	47,890
Depreciation				
Accumulated depreciation	(935)	-	(285)	(1,220)
Impairment losses	-	-	-	-
Depreciation for year	(779)	-	(551)	(1,330)
Depreciation written back on disposal & revaluation	737	-	-	737
Balance at 31 March 2017	(977)	-	(836)	(1,813)
Net book value of assets at 31 March 2017	40,891	2,549	2,636	46,077
This balance is made up of:				
Gross book value	37,482	2,539	3,389	43,410
Movement	4,387	10	83	4,480
Accumulated depreciation	(977)	-	(836)	(1,813)
	40,891	2,549	2,636	46,077

Depreciation

The bases used in the calculation of depreciation are documented in Note 1 to these Statements.

Capital Commitments

At 31 March 2017, the Authority does not have any capital commitments.

Regularity of Valuations

The Code of Practice on Local Authority Accounting specifies that for assets that are required to be carried at fair value, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Code requires that assets must be revalued every five years as a minimum, but must be revalued more regularly where a five-yearly valuation is insufficient to keep pace with material changes in fair value.

Accordingly, for financial year 2016/17, The Authority has complied by revaluing land and buildings at least every five years and all major operational assets annually.

An external body, Wilks Head & Eve, Members of the Royal Institute of Chartered Surveyors, carried out asset valuations. The last valuation was carried out as at 1 April 2016.

Comparative Figures for 2015/16 (Restated)	Operational			Total £000s
	Other Land & Buildings	Community Assets	Vehicles, Plant, Furniture & Equipment	
	£000s	£000s	£000s	
Balance at 1 April 2015	33,439	2,513	860	36,812
Adjustment for prior year	6			6
Additions	79	26	2,539	2,644
Disposals	(131)		(10)	(141)
Revaluation Gain (Revaluation Reserve)	4,089			4,089
Revaluation loss (Revaluation Reserve)	-			-
Revaluation loss (CI&E)	-			-
Gross book value as 31 March 2016	37,482	2,539	3,389	43,410
Depreciation				-
Accumulated depreciation	(944)		(166)	(1,110)
Accumulated amortisations				-
Depreciation for year	(741)		(129)	(870)
Depreciation written back on disposal & revaluation	750		10	760
Balance at 31 March 2016	(935)	-	(285)	(1,220)
Net book value of assets at 31 March 2016	36,547	2,539	3,104	42,190
This balance is made up of:				
Gross book value	33,445	2,513	860	36,818
Movement	4,037	26	2,529	6,592
Accumulated depreciation	(935)	-	(285)	(1,220)
	36,547	2,539	3,104	42,190

Property Plant and Equipment (PPE) values for 31st March 2016 have been restated due to a material error found during the course of the 2016/17 audit. This was that some of the Land owned by the Council was not included within PPE in the 15/16 accounts. This has also impacted on depreciation.

13. TRUST FUNDS

The Authority administers three small Trust Funds. These are Dutch Cottage Trust, King George Playing Field Trust, and the Finchfield Trust. The King Georges does not have any transactions for disclosure for 2016/17. The current outturn for the other two trusts are shown below. The Authority is the Custodian Trustees of the fixed assets and consequently these are not included on our Balance Sheet .

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	5	5	307	5
Finchfield	58	46	2,034	46

The figures above are only draft as the accounts for these trusts have not yet been audited.

14. INTANGIBLE ASSETS

This relates to the purchase of software licences. The cost of Intangible Assets is written off to the IT service revenue account over a period of 5 years on a straight line basis, and then absorbed as an overhead across all the service headings in the Net Expenditure of Services.

It is not possible to quantify exactly how much of the amortisation is attributable to each individual service heading.

Movement in Intangible Fixed Assets:

	2015/16 £000s	2016/17 £000s
Purchased Software Licences		
Accumulated Cost	872	996
Amortisations to 1 April	(753)	(805)
Balance at 1 April	119	191
Expenditure in year	124	7
Amortisation written off in year	(52)	(39)
Balance at 31 March	191	159
Comprising		
Accumulated Cost	996	1,003
Amortisations to 31 March	(805)	(844)

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments, excluding statutory debtors and creditors, i.e. Council Tax and Business Rates.

	31 March 2016 £000s	31 March 2017 £000s
Investments	-	-
Cash and Cash Equivalents	5,280	7,379
Debtors	1,323	2,184
Total Loans and Receivables	6,603	9,564
Short Term Financial Liabilities	(1,567)	(1,324)
Total Short Term Financial Liabilities carried at Amortised Cost	(1,567)	(1,324)

Fair Values of Assets and Liabilities

The investments held in the Balance Sheet are all under 365 days and are fixed interest; therefore the carrying amount is a reasonable approximation of the fair value.

Income, Expense, Gains and Losses

	Loans and Receivables 2015/16 £000s	Loans and Receivables 2016/17 £000s
Interest Income from Loans and Receivables	35	36
Total Income in Surplus/Deficit on the provision of services	35	36
Net gain/(loss) for the year	35	36

NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

The risk is minimised through the Annual Treasury Management Strategy, which sets out the criteria such as credit ratings to be applied before depositing with a bank and limits on how much can be deposited with one institution.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £7.379m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2017 that this was likely to happen.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2017 £000s	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2017	Estimated maximum exposure to default and uncollectability at 31 March 2017 £000s
	A	B	C	(A X C)
Deposits with Banks & Financial Institutions	7,379	-	-	-
Customers	362	3.91%	3.91%	14
			Total	14

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

The Authority does not generally allow extended credit for customers. The breakdown of amounts overdue can be analysed by age as follows:

	31 March 2016 £000s	31 March 2017 £000s
Less than 43 days	3	115
43-63 days	10	6
64-84 days	-	0
Greater than 84 days	43	52
Total	56	173

Amounts not yet due are £20,421 for 2016/17 (£59,000 for 2015/16)

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments.

All trade and other payables are due to be paid in less than one year. The Authority remained debt free in 2016/17.

Market Risk

Interest Rate Risk

All investments held in the Balance Sheet are short term fixed rate investments. Therefore there is no interest rate risk unless rates were to rise, which would cause a fall in the fair value of the asset. As all investments are less than one year, this risk is minimal and is managed by placing deposits for shorter periods in line with rate forecasts.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

The Authority only undertake fixed rate investments therefore changes in interest rates during an investment, would not have affected the interest on these investments.

16. SHORT TERM DEBTORS COMPRISE:

	2015/16 £000s	2016/17 £000s
Central Government bodies	90	401
NDR related - Government & Other Local Authorities	1,013	511
Other entities and Individuals*	2,573	3,632
Less: Provision For Doubtful Debts*	(1,100)	(1,319)
Total	2,576	3,224

17. CASH AND CASH EQUIVALENTS

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

31 March 2016 £000s		31 March 2017 £000s
1	Cash held by the Authority	1
5,279	Bank Current Accounts	7,378
5,280	Total Cash and Cash Equivalents	7,379

18A. SHORT TERM CREDITORS COMPRISE

	2015/16 £000s	2016/17 £000s
Central Government bodies	(502)	
NDR related - Central Government (DCLG)		
Council Tax related - Other Local Authorities	(1,386)	(1,513)
Other Entities and Individuals*	(1,762)	(1,471)
Total	(3,650)	(2,984)

18B. PROVISIONS - Business Rates

2015/16 £000		2016/17 £000
89	Balance at 1 April	129
40	Net movement for business rate appeals in year	94
129	Balance at 31 March	223

19. RESERVES

Movement on the Authority's useable reserves is detailed in the Movement in Reserves Statement and Note 7.

Movement in the Authority's unuseable reserves is shown below.

31 March 2016		31 March 2017
Restated		
£000		£000
(12,982)	Revaluation Reserve	(17,534)
(28,707)	Capital Adjustment Account	(27,941)
(9)	Deferred Capital Receipts Reserve	(5)
27,344	Pensions Reserve	34,440
477	Collection Fund Adjustment Account	144
69	Accumulated Absences Account	60
(13,808)	Total Unuseable Reserves	(10,836)

Revaluation Reserve

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

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

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

2015/16		2016/17
Restated		
£000s		£000s
(8,694)	Balance at 1 April	(12,982)
(4,384)	Upward revaluation of assets	(4,771)
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-
(4,384)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(4,771)
96	Difference between fair value depreciation and historical cost depreciation	219
-	Accumulated gains on assets sold or scrapped	-
96	Amount written off to the Capital Adjustment Account	219
(12,982)	Balance at 31 March	(17,534)

Capital Adjustment Account

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

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

Note 7b provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2015/16		2016/17
Restated		
£000s		£000s
<u>(26,440)</u>	Balance at 1 April	<u>(28,707)</u>
		-
870	Charges for depreciation and impairment of non-current assets	1,330
(323)	Revaluation losses on Property, Plant & Equipment	-
50	Amortisation of intangible assets	39
374	Revenue expenditure funded from capital under statute	413
	Amounts of non-current assets written off on the disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	-
-		-
<u>(96)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(219)</u>
<u>875</u>	Net written out amount of the cost of non-current assets consumed in year	<u>1,563</u>
	<u>Capital financing applied in the year:</u>	
(1,268)	Use of the Capital Receipts Reserve to finance new capital expenditure	(226)
(271)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(375)
(300)	Application of grants to capital financing from the Capital Grants Unapplied Account	(46)
-	Statutory provision for the financing of capital investment charged against the General Fund balances	
(1,303)	Capital expenditure charged against the General Fund balances	(150)
<u>(3,142)</u>		<u>(796)</u>
<u><u>(28,707)</u></u>	Balance at 31 March	<u><u>(27,941)</u></u>

Pensions Reserve

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

2015/16		2016/17
£000s		£000s
27,830	Balance at 1 April	27,344
	Actuarial gains or losses on pensions assets and liabilities	
(2,058)	Remeasurements of the net defined benefit liability	5,807
2,674	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	1,996
(1,102)	Employer's pensions contributions and direct payments to pensioners payable in the year	(707)
<u>27,344</u>	Balance at 31 March	<u>34,440</u>

Collection Fund Adjustment Account

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

2015/16		2016/17
£000s		£000s
526	Balance at 1 April	477
103	The authority's share of the Council Tax surplus/deficit on the fund at the preceeding year distributed in the year	49
(152)	Amount by which Council Tax & NDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NDR income calculated for the year in accordance with statutory requirements	(382)
<u><u>477</u></u>	Balance at 31 March	<u><u>144</u></u>

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net deficit on the provision of services

2015/16 (Restated) £000s		2016/17 £000s
970	Net Deficit on the Provision of Services	1,136
	<i>Non Cash movements</i>	
870	Depreciation	1,330
(323)	Downward Valuations	0
50	Amortisation	39
(414)	Movement in Creditors	(793)
0	Movement in Interest Debtors	(5)
199	Movement in Debtors	(1,152)
129	Movement in Provisions	94
1,572	Pension Liability	1,289
0	Carrying amount of non current assets, held for sale or derecognised	0
<u>2,085</u>	TOTAL	<u>802</u>
	<i>Investing / Financing Activities</i>	
(271)	Capital Grants credited to the surplus on the Provision of Services	(375)
(322)	(Gains) from other capital receipts	(970)
<u>(593)</u>	TOTAL	<u>(1,345)</u>
<u>2,462</u>	Net (Outflow)/ Inflow from Operating Activities	<u>593</u>

The cash flows for operating activities include the following items relating to interest:

2015/16 £000s		2016/17 £000s
(35)	Interest Received	(31)
<u>(35)</u>	Interest Paid	<u>-</u>
	Total	(31)

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2015/16 £000s		2016/17 £000s
(2,768)	Purchase of property, plant and equipment, investment property and intangible assets	(473)
4	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5
1,500	Proceeds from short-term and long-term investments*	-
580	Other receipts from investing activities	1,345
<u>(684)</u>	Net cash flows from investing activities	<u>877</u>

The cash flows for financing activities include the following items:

2015/16 £000s		2016/17 £000s
12	Council Tax and NNDR adjustments	629
5	Other receipts from financing activities	-
<u>17</u>	Net cash flows from financing activities	<u>629</u>

22. MEMBERS' ALLOWANCES

The total amount paid during the year in respect of Members Allowances (basic allowance and special responsibility allowance) was made up as follows:

	2015/16 £000s	2016/17 £000s
Basic Allowance	159	169
Special Responsibility Allowance	122	119
Expenses	3	4
TOTAL	284	293

The amounts paid to each Member are shown below. All Members received a basic allowance of £4,250 per annum (pro rated if served less than a year) plus the following allowances:

NAME	Basic Allowance £	Special Allowances £	Expenses £	Total including Basic Allowance £
C I BLACK	4,250	2,125	-	6,375
J BURTON	4,250	2,730	-	6,980
L BUTCHER	4,250	4,391	100	8,741
I CASSAR	3,839	-	-	3,839
M CARTER	4,250	1,910	-	6,160
N L COOPER	3,839	-	-	3,839
T G CUTMORE	4,250	21,250	-	25,500
R DRAY	4,250	425	-	4,675
D S EFDE	3,839	-	206	4,045
A H EVES	3,839	-	-	3,839
J GIBSON	468	579	-	1,047
H GLYNN	468	-	-	468
J R GOODING	3,839	-	272	4,111
K J GORDON	468	-	-	468
J GRIFFIN	4,250	371	-	4,621
A HALE	468	-	-	468
J HAYTER	468	234	-	702
B HAZELWOOD	4,250	2,335	-	6,585
N HOOKWAY	4,250	1,856	-	6,106
M HOY	4,250	-	-	4,250
D HOY	4,250	-	-	4,250
T R HUGHES	3,839	-	-	3,839
K H HUDSON	468	1,405	71	1,944
G J IOANNOU	8,024	7,426	685	16,135
J LAWMON	468	-	-	468
M J LUCAS-GILL	3,839	371	285	4,495
J R LUMLEY	4,250	8,500	-	12,750
M MADDOCKS	468	-	-	468
C MASON	4,250	-	15	4,265
E O K MASON	3,839	-	-	3,839
J R MASON	4,250	2,550	352	7,152
J MCPHERSON	468	937	101	1,506
D MERRICK	4,250	2,868	-	7,118
R MILNE	3,839	-	-	3,839
T E MOUNTAIN	3,839	-	-	3,839
J E NEWPORT	3,839	-	-	3,839
R A OATHAM	4,250	-	30	4,280
C PAVELIN	468	-	-	468
C ROE	4,250	8,500	-	12,750
C G SEAGERS	468	234	-	702
L SHAW	3,839	-	301	4,140
S SMITH	4,250	8,500	-	12,750
M SOFTLY	0	-	-	-
M SPENCER	468	-	-	468
D SPERRING	4,250	7,851	-	12,101
C M STANLEY	3,839	-	-	3,839
M STEPTOE	4,250	12,213	1,066	17,529
I WARD	4,250	8,500	259	13,009
M WEBB	4,250	1,856	-	6,106
C A WESTON	4,250	9,037	162	13,449
B WILKINS	468	-	53	521
A L WILLIAMS	3,839	-	246	4,085
S A WILSON	3,839	-	-	3,839
Total	169,444	118,954	4,204	292,602

23 OFFICERS' REMUNERATION

The number of employees including Senior Officers whose remunerations were £50,000 or more excluding pension contributions in bands of £5,000 is stated below. Salary bands include compensation for loss of office for Senior Officers. Due to non inclusion of pension contributions in this schedule, it's not directly comparable to the remuneration disclosures for Senior Officers below.

Salary Band	Number of employees	
	2015/16	2016/17
£		
50,000 - 54,999	3	
55,000 - 59,999	3	4
60,000 - 64,999		4
65,000 - 69,999	1	
70,000 - 74,999	1	
75,000 - 79,999		1
80,000 - 84,999		
85,000 - 89,999		
90,000 - 94,999		
95,000 - 99,999		
100,000 - 104,999		1
105,000 - 109,999		
110,000 - 114,999	1	
115,000 - 119,999		
215,000 - 219,999		
240,000 - 244,999		

The following note sets out the remuneration disclosures for Senior Officers of the Council:

Financial Year 2016/17

Job title	Bonuses	Salary -includes fees & allowances	Expense allowance	Benefits in kind (e.g. car allowance)	Compensation for Loss of Office	Pension contribution	Total Remuneration including pension contributions
	£	£	£	£		£	£
Chief Executive (left on 26/06/16)		26,514	561	-	-	3,659	30,734
Managing Director	-	100,406	51	-	-	13,856	114,313
Executive Director	-	75,782	186	-	-	10,458	86,426
Assistant Director Commercial Services		62,517	-	-	-	8,627	71,144
Assistant Director Community and Housing Services		56,681				7,822	64,503
Assistant Director Environmental Services		59,290				8,182	67,472
Assistant Director Planning Services (left on 03/07/16)		14,101	28			1,946	16,075
Assistant Director Planning & Regeneration (started on 31/10/16)		24,060	108			3,320	27,489
Assistant Director Customer, Revenues & Benefit Services	517	60,485				8,418	69,420
Assistant Director Democratic Services		56,661				7,819	64,481
Assistant Director Legal Services		56,661	334			7,819	64,814
Assistant Director Transformational Services (left on 31/08/16)		23,146	24		40,000	3,194	66,364
Section 151 Officer on secondment		60,000					60,000

In addition to the figures above, the Chief Executive also received payment of £6,906 for his role as the Returning Officer for the district council elections.

The number of exit packages with total cost per band and total cost of voluntary redundancies are set out in the table below. There were no compulsory redundancies in 2015/16 or 2016/17:

Exit package cost band (including special payments)	Number of voluntary redundancies		Total cost of exit packages in each band	
	2015/16	2016/17	2015/16	2016/17
				£
£0 - £20,000	2	2	13,412	16,357
£20,001 - £40,000		2	13,472	64,676
£40,001 - £60,000				
£60,001 - £80,000				
£80,001 - £100,000				
£100,001 - £150,000				
£150,001 - £200,000			13,269	
Total cost included in bandings and in the CIES	2	4	40,153	81,033

The total cost of £81,033, in the table above for exit packages have all been charged to the Authority's Comprehensive Income and Expenditure Statement (CIES) in 2016/17.

Financial Year 2015/16

Job title	Bonuses	Salary -includes fees & allowances	Expense allowance	Benefits in kind (e.g. car allowance)	Compensation for Loss of Office	Pension contribution	Total Remuneration including pension contributions
	£	£	£	£		£	£
Chief Executive		109,164	944	-	-	15,064	125,172
Director	-	69,987	65	-	-	9,658	79,710
Director	517	70,773	144	-	-	9,838	81,272
Assistant Director Commercial Services	-	54,534	17	-	-	7,525	62,076
Assistant Director Community and Housing Services	-	9,166	-	-	-	1,265	10,431
Assistant Director Environmental Services	-	55,092	-	-	-	7,594	62,686
Assistant Director Planning Services	-	20,801	-	-	-	2,870	23,671
Assistant Director Customer, Revenues & Benefits Services	-	55,109	-	-	-	7,605	62,714
Assistant Director Democratic Services	344	51,513	26	-	-	7,156	59,039
Assistant Director Legal Services	-	54,721	-	-	-	7,551	62,272
Assistant Director Transformational Services	-	54,999	49	17	-	7,590	62,655
Assistant Director Resources Services (interim)	-	23,839	71	-	-	3,279	27,189

In addition to the figures above, the Chief Executive also received payment of £15,881 for his role as the Returning Officer for the district council elections.

24. EXTERNAL AUDIT COSTS

The following fees relate to the Audit of the Statement of Accounts and certification of grant claims for the Authority:

	2015/16 (Restated) £000's	2016/17 £000's
Fees paid for External Audit Services	53	48
Fees paid for Certification of Grant Claims and Returns*	8	9
Total	61	56

* The fee of £53,000 for 2015/16 includes a fee of £5,000 charged by the external auditors EY for additional work in 2015/16.

25. GRANT INCOME

The Authority credited the following grants, contributions and donations to Comprehensive Income & Expenditure:

	2015/16 £000's	2016/17 £000's
	Restated	
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	1,342	592
NDR entitlement	1,684	1,710
New Homes Bonus	1,059	1,371
Pickles Waste recycling Grant (capital)	300	-
IER Hardware Grant	4	-
Empty Homes Grant	-	26
Transition Grant	-	95
IEG Grant	-	-
Playbuilder Grant/Aiming High	-	-
Big Lottery Fund	-	-
Thames gateway warm and decent homes grant	-	-
S106 Grant	91	19
Recycling Reward Grant	45	-
Total	4,525	3,814
Credited to services		
Disabled Facilities Grant	222	375
LCTS related -New Burdens Grants*	15	-
NNDR - New Burdens Grants	-	1
LCTS Admin Set up Funding*	67	32
Housing Benefit Subsidy*	17,599	17,218
Housing Benefit Administration Subsidy	226	181
Individual Electoral Registration	18	0
Business Rates pool Admin Grant	85	86
Total	18,232	17,893

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver if the conditions are not met. The balances as at the year-end are as follows:

	2016/17 £000s
Capital Grants Receipts in Advance	
IEG Grant	2
IER H'ware fund- receipt in advance	11
DCLG Recycling reward grant	35
Total	48

26. RELATED PARTIES

The Authority is required to disclose details of material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. A related party transaction is the transfer of assets or liabilities or the performance of services by, or for another (related) party irrespective of whether a charge is made. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

UK Government - UK Government has effective control over the general operations of the Authority as it is responsible for setting the statutory framework within which the Authority operates, provides the majority of its funding and prescribes the terms of many of the Council's transactions, for example, housing benefits.

Members - Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2016/17 is shown in Note 22. £1,000 was paid to Basildon Womans Aid of which Councillor Shaw is a volunteer, £600 was paid to Footprints Community Group, of which Councillor Williams is a Committee member and Councillor Shaw is a volunteer. £15,000 was paid to Rayleigh, Rochford and District Association for Voluntary Service, of which Councillor Lumley is a Director and Chairman of Trustees. All grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

Essex County Council - Both the Section 151 Officer and the Head of Internal Audit are employees of Essex County Council, who work part time for Rochford District Council on secondment.

27. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2015/16	2016/17
	£000's	£000's
Opening Capital Financing Requirement	687	687
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	124	7
Other Land & Buildings	79	374
Vehicles, Plant, Equipment & Furniture	2,539	83
Waste and street cleansing vehicles (embedded finance leases)	0	-
Community Assets	26	10
Investment Property		
Revenue expenditure funded by capital	374	413
Total Capital Expenditure	3,142	886
Financed by:		
Useable Capital Receipts	1,268	226
Government Grants	571	420
Revenue Contributions	1303	150
Total Financing	3,142	796
Increase in underlying need to borrowing (unsupported by government financial	-	90
Increase/(Decrease) in Capital Financing Requirement	-	90

28. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

The Authority participates in one post employment scheme, which is the Local Government Pension Scheme, administered by Essex County Council - this is a funded defined benefits related to pay and service, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The Fund is reviewed on a triennial basis by the fund actuary. The last triennial actuarial valuation was at 31 March 2013 and was effective from 1 April 2014. The next valuation will be at 31 March 2016 and will be effective from 1 April 2017.

Risk associated with the Pension Scheme

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

Transactions Relating to Post-employment Benefits

The cost of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge 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	2015/16 £000's	2016/17 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(1,119)	(985)
Past Service costs	(640)	(47)
Administration Expenses	(22)	(19)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(893)	(945)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,674)	(1,996)
<i>Other Post Employment Benefit Charged to Other Comprehensive Income & Expenditure:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on Plan Assets (Excluding Net Interest Cost)	(361)	7,129
Other Actuarial Gains/(Losses) on Assets	-	(42)
Change in Financial Assumptions	2,374	(13,576)
Change in Demographic Assumptions	-	1,781
Experience Gain/(Loss) on Defined Benefit Obligation	45	(1,099)
Remeasurements	2,058	(5,807)
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	(616)	(7,803)
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	1,572	1,289
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme	1,102	707

Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2015/16 £000's	2016/17 £000's
Present Value of the defined benefit obligation	70,971	84,560
Fair value of plan assets	45,480	51,867
Net liability	25,491	32,693
Other movements in the liability/ (asset)	1,853	1,747
Net liability arising from defined benefit obligation	27,344	34,440

Reconciliation of the movements in the Fair Value of Scheme Assets:

	2015/16 £000's	2016/17 £000's
Opening balance at 1 April	45,208	45,480
Interest on Assets	1,434	1,553
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	(361)	7,129
- Other Actuarial Gains /(Losses) on Assets	-	(42)
Employers' Contributions Including Unfunded	1,102	707
Member Contributions	282	272
Benefits Paid including Unfunded	(2,163)	(3,213)
Administration Expenses	(22)	(19)
Closing balance at 31 March	45,480	51,867

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

	2015/16 £000's	2016/17 £000's
Opening balance at 1 April	(73,038)	(72,824)
Current Service Cost	(1,119)	(985)
Interest Cost	(2,327)	(2,498)
Member Contributions	(282)	(272)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic Assumptions	-	1,781
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	2,374	(13,576)
- Experience Gains & (Losses)	45	(1,099)
Actuarial Gains & (Losses)	-	-
Past Service Costs Including Curtailments	(640)	(47)
Curtailments		
Benefits Paid	2,017	3,070
Unfunded Pension Payments	146	143
Closing balance at 31 March	(72,824)	(86,307)

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

	31 March 2016 £000's	31 March 2016 %	31 March 2017 £000's	31 March 2017 %
Equities	30,782	68%	35,427	68%
Government Bonds	1,341	3%	1,962	4%
Other Bonds	2,183	5%	2,108	4%
Property	5,416	12%	5,046	10%
Cash/Liquidity	1,477	3%	1,561	3%
Alternative Assets	2,022	4%	3,459	7%
Other managed funds	2,259	5%	2,304	4%
	45,480	100%	51,867	100%

Basis for Estimating Assets and Liabilities

Assets and Liabilities have been assessed on an actuarial basis by Barnett Waddingham, actuaries to the Fund. To assess the value of the Employer's liabilities as at 31st March 2017, the value of the Employer's liabilities calculated for the funding valuation as at 31st March 2016 have been rolled forward, using financial assumptions that comply with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid into and from the Fund and placing a value on them. These cash flows included investment returns, contributions paid into the fund, pensions currently being paid to members of the Fund as well as pensions and lump sums that may be payable in future. Assumptions such as mortality rates and salary levels were built into the valuation.

Sensitivity Analysis of major assumptions

The sensitivity analysis shows the impact on the Council's obligations of changes in the major assumptions used by the actuary.

Adjustment to:	Change by:	Present Value of Total Obligation £000's	Projected Service Cost £000's
Discount rate	0.0%	86,307	1,604
	0.1%	84,860	1,565
	-0.1%	87,780	1,644
Long-term salary increase	0.0%	86,307	1,604
	0.1%	86,473	1,604
	-0.1%	86,142	1,604
Pension increases and deferred revaluation	0.0%	86,307	1,604
	0.1%	87,614	1,644
	-0.1%	85,022	1,565
Mortality age rating assumption	None	86,307	1,604
	+1 Year	89,703	1,655
	-1 Year	83,043	1,554

Further information can be found in Essex County Council's Pension Fund Annual Report which is available upon request from:

The Pensions Division,
Finance and Performance
County Hall
Chelmsford
CM1 1JZ

29 CONTINGENT LIABILITIES

An environmental warranty was given to Rochford Housing Association as part of the Large Scale Voluntary Transfer making the Authority liable if a contaminated land site is found on a housing site. The limit of this liability is £10m and stands for 14 years from transfer (September 2007). There is a very low likelihood of a claim occurring.

Litigation and other costs

There is one known contract dispute regarding planning policy. The outcome of the dispute is uncertain. The Authority has allowed within its earmarked reserves and general fund for any future settlement, which has been estimated at up to £30k.

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2017**

Total 2015/16 £000's	Business Rates 2015/16 £000's	Council Tax 2015/16 £000's		Council Tax 2016/17 £000's	Business Rates 2016/17 £000's	Total 2016/17 £000's
£	£	£		£	£	£
Income						
(62,394)	(15,177)	(47,217)	Amounts Receivable (net of discounts and reliefs)	(49,365)	(15,760)	(65,125)
<u>Contributions Towards Previous Year's Surplus /(Deficit):</u>						
452	-	452	Essex County Council	215	-	215
60	-	60	Police & Crime Commissioner for Essex	29	-	29
28	-	28	Essex Fire Authority	13	-	13
104	-	104	Rochford District Council & Parish/Town Councils	49	-	49
644	-	644		307	-	307
(61,750)	(15,177)	(46,573)	Total Income	(49,057)	(15,760)	(64,818)
Expenditure						
<u>Precepts and shares:</u>						
8,134	8,134	-	Central Government	-	8,062	8,062
34,312	1,464	32,848	Essex County Council	34,544	1,451	35,995
4,448	-	4,448	Police & Crime Commissioner for Essex	4,643	-	4,643
2,170	163	2,008	Essex Fire Authority	2,066	161	2,228
14,033	6,507	7,526	Rochford District & Parish/Town Councils	7,766	6,449	14,215
63,098	16,268	46,830		49,020	16,123	65,143
10	10		Transitional Protection Payment Renewable Energy		3 35	3 35
<u>Impairment of Debts/Appeals</u>						
182	145	37	Write-offs of Uncollectable Amounts	48	70	119
(130)	(113)	(17)	Increase/ (Decrease) in Bad Debt Provision	(21)	21	1
96	96	-	Increase/ (Decrease) in Provision for Appeals	-	238	238
148	128	20		27	330	358
85	85	-	Charge to General Fund for Allowable NDR Collection Costs	-	86	86
<u>Distribution of Previous Year's Estimated Surplus/ (Deficit):</u>						
(777)	(777)	-	Central Government	-	(826)	(826)
(140)	(140)	-	Essex County Council	-	(149)	(149)
(16)	(16)	-	Essex Fire Authority	-	(16)	(16)
(622)	(622)	-	Rochford District Council	-	(661)	(661)
(1,555)	(1,555)	-		-	(1,653)	(1,653)
61,786	14,936	46,850	Total Expenditure	49,048	14,924	63,971
36	(241)	277	Movement on Fund Balance	(10)	(837)	(848)
407	1,928	(1,521)	Opening Fund Balance	(1,244)	1,687	443
443	1,687	(1,244)	Closing Fund Balance	(1,254)	850	(404)
36	(241)	277	Movement on Fund Balance	(10)	(837)	(847)

NOTES TO THE COLLECTION FUND

1. Council Tax

Council Tax derives from charges raised according to the values of residential properties, which have been classified into eight valuation bands, using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council and other preceptors and this Authority for the forthcoming year and dividing this by the Council Tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts). The basic amount of Council Tax for a Band D property for Rochford District (£213.02 in 2016/17), was added to the basic amount due to the parish/town councils and the total was multiplied by the specified proportion to give an individual amount due. Precepts in respect of Essex County Council, Essex Police Authority and Essex Fire Authority were added to this figure.

2. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Government specified an amount of 48.4p in the £ of rateable value for 2016/17 (48p in the £ for 2015/16) and, subject to the effects of transitional arrangements. Local businesses pay rates calculated by multiplying their rateable value by that amount. The Authority is responsible for collecting rates due from the ratepayers in its area. From April 2013, the Government has reformed the way in which local government is funded through the introduction of the business rates retention scheme. Under the new regulations, a baseline funding level is set by the Government, based on the NNDR1 return (Estimate by the Authority) completed in December. For 2016/17 the baseline was set at £1,590,409. The local authorities and fire and rescue authorities will now be able to benefit directly from supporting local business growth as they will be able to keep a share of any increases in business rates revenue.

The total non-domestic rateable value at present stands at £40.7m.

3. Collection Fund Balance

The Collection Fund balance represents previous years' surpluses. A proportion is redistributed to the precept demanding bodies, as shown in the Collection Fund Income and Expenditure Account. The balance carried forward for the Collection Fund does not tie directly into the Balance Sheet due to this redistribution of the surplus. The amounts included in the Collection Fund Surplus are included within the creditors figure on the balance sheet and the long term preceptor creditor figure, as at 31 March 2017. The Collection Fund total on the balance sheet is just the share attributable to Rochford District Council.

The tables below show how the balance sheet and Collection Fund balance figures relate and how the Collection Fund balance is attributable to the precept demanding bodies.

Total 2015/16 £000s	Business Rates 2015/16 £000s	Council Tax 2015/16 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2016/17 £000s	Business Rates 2016/17 £000s	Total 2016/17 £000s
			Balances attributable to:			
17	17		Central Government		416	416
(658)	3	(661)	Essex County Council	(548)	75	(473)
(89)		(89)	Police & Crime Commissioner, Essex	(74)		(74)
(40)	0	(40)	Essex Fire Authority	(33)	8	(25)
(135)	14	(149)	Rochford District Council	(120)	333	213
			Redistribution due to:			
827	827		Central Government		10	10
(66)	149	(215)	Essex County Council	(339)	2	(336)
(29)		(29)	Police & Crime Commissioner, Essex	(46)		(46)
4	17	(13)	Essex Fire Authority	(20)	0	(19)
612	661	(49)	Rochford District Council	(76)	8	(68)
443	1,688	(1,245)	Closing Collection Fund Balance	(1,255)	851	(404)

The balance on the Balance Sheet therefore just shows the amounts attributable to Rochford District Council as follows:

Total 2015/16 £000s	Business Rates 2015/16 £000s	Council Tax 2015/16 £000s	Share of Collection Fund Balance	Council Tax 2016/17 £000s	Business Rates 2016/17 £000s	Total 2016/17 £000s
477	675	(198)	Rochford District Council	(196)	340	145
(34)	1,013	(1,047)	Preceptors & Central Government	(1,059)	511	(549)
443	1,688	(1,245)		(1,255)	851	(404)

4. Uncollectable Debts.

Uncollectable debts of £48,349 (£37,172 - 2015/16) for Council Tax and £70,406 (£145,908 - 2015/16) for Non-Domestic Rates were written off in 2016/17.

5. Appeals Provisions - Business Rates

Total 2015/16 £000s	Other Preceptors £000s	Billing Authority £000s	Share of Appeals Provisions	Billing Authority £000s	Other Preceptors £000s	Total 2016/17 £000s
2015/16	2015/16	2015/16		2016/17	2016/17	2016/17
223	134	89	Balance at 1 April	129	191	320
97	57	40	Net movement for business rate appeals in year	95	143	237
320	191	129	Balance at 31 March	225	335	557

6. Calculation of the Council Tax

The Council Tax for Rochford residents for 2016/17 for an average Band D property was as follows:

	BAND D
	£
Parish/Town Councils	41.07
Rochford District Council	213.02
Essex County Council	1,130.13
Essex Fire and Rescue Authority	67.68
Police & Crime Commissioner	152.1
Total	1,604.00

The Council Tax base which is used to calculate the expected income from Council Tax is shown in the following table and is an estimate of the number of properties in each band made before the start of the financial year. Properties are banded according to value and pay a proportion of the average Band D charge as indicated overleaf.

Tax Band	Estimated Properties after adjustments	Proportion of charge	Band D Equivalent Properties
A	772	6/9	514
B	2,198	7/9	1,710
C	9,486	8/9	8,432
D	9,219	1	9,219
E	4,476	11/9	5,470
F	2,191	13/9	3,165
G	1,193	15/9	1,988
H	68	18/9	136
Total			30,634
Adjustments for Band D Full Year Equivalents			492
			31,125
Less Adjustment for Collection Rate			98.30%
Total Council Tax Base			30,595.89

GLOSSARY OF TERMS

Accrual

An amount included in the accounts for income or expenditure concerning the financial year, where payment has not yet been received/made. Also called sundry creditors/debtors.

Agency Services

Rochford District Council provide services on behalf of other organisations, for which we receive reimbursement.

Asset

This is an object held on the balance sheet as it gives rise to future economic benefit. For example, Buildings are an asset and invoices issued but not yet paid, as cash will be received in the future for them.

Benefits

Local Council Tax Support (LCTS) – From 1 April 2013 LCTS replaced Council Tax Benefit. LCTS is an income-related discount to provide help to those with no or low incomes to pay their Council Tax.

Housing Benefit – an allowance to persons with no or low incomes to meet the whole or part of their rent. Benefit paid to private sector landlords on behalf of residents is known as rent allowances. Part of the cost of benefits and of running the service is funded by Government subsidy.

Billing Authority

This refers to Rochford District Council, which is the responsible authority for the invoicing and collection of the Council Tax from all residential properties in the District. This is undertaken on behalf of Rochford District Council, Essex County Council, Police & Crime Commissioner for Essex, Essex Fire Authority and Town/Parish Councils.

Business Rates

These rates, called National Non-Domestic Rates (NNDR), are the means by which local businesses contribute to the cost of providing local authority services. They are based on rateable values of each business multiplied by a uniform amount set annually by the Government. The Government has reformed the way in which Local Government is funded. Under the new regulations, business rates collected gets divided between Government, Rochford District Council, County and Fire Authority.

Capital Expenditure

This generally relates to expenditure on non-current assets that will be of use or benefit to the Council in providing its services for more than one year e.g. Vehicles, structural repair to buildings, expenditure to expand Cherry Orchard Jubilee Country Park.

Capital Adjustment Account (CAA)

This reserve contains prescribed amounts set aside from revenue budgets or capital receipts to fund expenditure on fixed assets, and balances this with the depreciation of assets.

Capital Programme

The Council's plans for capital expenditure over future years.

Capital Receipts

The income from the sale of assets, which may be used to finance new capital expenditure.

Central Support Costs

Costs relating to centrally provided services such as telephones, printing, bank charges, office accommodation, residual pension costs, which benefit all services and as such are recharged to cost centres where appropriate on an agreed basis, e.g. office accommodation costs allocated based on floor area occupied by a service.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public sector.

Code of Practice on Local Government Accounting

This is the guidance produced separately to assist in the preparation of the accounts.

Collection Fund

The fund into which Council Tax and Business Rates are paid and the precepts of Essex County Council, Essex Police Authority, Essex Fire & Rescue Authority, Rochford District and Town/Parish Councils are met. Any surplus or deficit is shared between the various authorities, other than Town/Parish Councils, on the basis of precept amounts.

Community Assets

Assets that the Council intends to hold forever, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and the Mill Tower.

Contingent Liability

This is an amount at the balance sheet date, which the Council may be liable to incur if specific events occur, but which are not certain. Any such amount is disclosed as a note to the accounts.

Council Tax

A local tax based on residential properties set by local authorities in order to finance their budget requirement. The level set by an authority will be broadly determined by its expenditure on general fund services less other income, e.g. car parking, use of Council reserves and government grant.

Council Tax Base

An equated average number of dwellings over which the Council Tax is collected. All dwellings are valued and classified into eight bands (A to H). All bands represent a proportion of Band D. The Council Tax base is the number of dwellings expressed in terms of a Band D average.

Creditors

Amounts due, but not yet paid for, for work carried out, goods received or services rendered during the financial year.

Debtors

Amounts due, but not yet received, for work carried out or services supplied, during the financial year.

Deferred Liabilities

Amounts which are payable at some point in the future or paid off by an annual sum over a period of time e.g. mortgages.

Depreciation

The measure of the wearing out, consumption, or other reduction, in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technical or other changes.

Embedded Lease

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, Fulfilment of the arrangement dependent on the use of specific assets.

Fair Value

The fair value of an asset, such as an investment, is the amount at which that asset could be bought or sold in a current transaction rather than its value at the time the investment was made. This will take into account any interest accumulated on the investment.

Fees and Charges

Charges made to the public for Council services and facilities.

Financial Year

The period of 12 months covered by the accounts commencing on 1 April.

General Fund

The main revenue fund of the Council. Day to day spending on services is met from the Fund.

IFRS

International Financial Reporting Standards. These are the basis under which the accounts are now produced

Intangible Assets

These are assets that the Council will have use of for more than one year but they do not have a physical form, for example computer software licenses.

Liability

This is the opposite of an asset and sees the future transfer of economic benefit from the Council to another party. An example is the payment of invoices to suppliers that at the financial year end were still outstanding.

Local Government Pension Scheme (LGPS)

The majority of council officers belong to this scheme.

Non Distributed Costs

These are pension costs that cannot be attributed to individual services, i.e. the demands on the fund from previous employees.

Post Balance Sheet Events

Events which occur between the balance sheet date and the date on which the responsible officer signs the Statement of Accounts.

Precept

The amount that councils/authorities, providing services within the Rochford District, require to be paid from the Collection Fund to meet the cost of their services.

Property, Plant & Equipment

These are non-current assets that the Council will have use of for a period of more than one year e.g. buildings.

Provision

An amount set aside to provide for a liability where the Council has an obligation to pay, but where the exact amount or the date on which it will arise is uncertain. A provision is created by making a charge to revenue in the year of account.

Reserves

A Council's accumulated surplus income in excess of expenditure. Available at the discretion of the Council to meet items of expenditure in future years. Earmarked reserves are set-aside for a specific purpose, e.g. to fund specific Council projects such as the Joint Area Action Plan for Southend Airport.

Responsible Officer

Officer responsible for the proper administration of the Council's financial affairs in accordance with Section 151 of the Local Government Act.

Revenue Support Grant

Central Government financial support towards the general expenditure of local authorities determined by a prescribed methodology which is available on the Communities and Local Government website.

Support Services

Mainly the cost of provision of services by central departments, which is recharged on an agreed basis to other services. Also includes the cost of office accommodation and other central overheads associated with staff directly employed by the service.

Un-apportionable Overheads

This is made up of Non-Distributed Costs and Central Support Costs. (See definitions).