
FINANCIAL STATEMENTS 2019/20

1 SUMMARY

- 1.1 This report summarises EY's preliminary audit conclusion in relation to the audit of Rochford District Council's financial statements for 2019/20.
- 1.2 As at the date of the report EY have substantially completed their audit for the year ended 31 March 2020. Subject to concluding the outstanding matters listed in their report, EY have confirmed that they expect to issue an unqualified audit opinion and that there are no matters to report on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. Their audit report is presented as an appendix to this item.
- 1.3 2020 has been an unprecedented year. In response to Local Government facing additional pressures due to the COVID-19 pandemic, on 22 April 2020, government announced that the deadline for publication of accounts for 2019/20 was being extended from 31 May to 31 August, and the deadline for the sign off of audited accounts was being extended from 31 July to 30 November. The draft accounts were published on 25 June 2020 and the external audit commenced in line with the agreed timetable. The statutory obligation on the Council is to either publish the audited accounts by 30 November or to publish a statement on the Council's website stating why this is not the case. Whilst the accounts are not yet fully signed off it is anticipated that this deadline will be met.
- 1.4 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. The forecast for general fund balances as at 31 March 2020 presented to Council as part of the 2020/21 MTFS in February 2020 was estimated at £976,000 (10% of the 2020/21 net revenue budget). Following closure of the accounts the final level of General Fund balance for 2019/20 was £1,116,000; this equates to 11% of the 2020/21 net revenue budget.

2 SIGNING AND APPROVAL

- 2.1 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 Assistant Director, Resources (Section 151 Officer) and Member approval must be given to the audited statements to allow publication. The Authority has given delegation for that approval to the Audit Committee, but as there are small residual areas of work requiring completion the Audit Committee is not asked to sign off the statements at this Committee meeting. Instead the Committee is asked to further delegate approval for final sign off of the financial statements to the Chairman of the Audit Committee, in conjunction with the Assistant Director, Resources (Section 151 Officer), subject to no material changes being required to the Statements. Once the residual work is complete the financial statements will

be approved, signed and dated by the Chairman of the Audit Committee and the remaining Members of the Committee will be notified. If any material changes were required post the Committee meeting, the Audit Committee would be reconvened at a later date to reconsider and approve the revised Statement of Accounts.

3 ANNUAL GOVERNANCE STATEMENT

- 3.1 The draft Annual Governance Statement (AGS) was considered in detail by the Audit Committee on 28 July 2020. No changes have been required to that version to date; however, this will be kept under review until the final accounts are approved. The final version of the AGS will be signed by the Managing Director and Leader of the Council prior to publication.

4 MAJOR JUDGMENTS MADE

- 4.1 In the preparation of the accounts, the Assistant Director, Resources (Section 151 Officer) is required to make judgments and estimates in some cases. The types of judgment made include asset life and depreciation methods. The main estimate relates to the Housing Benefit subsidy claim, which is a material item in the Council's accounts, as the figures are based on the draft end of year subsidy claim. Other key areas of estimation are set out in Note 6 to the financial statements.

5 RISK IMPLICATIONS

- 5.1 The preparation of the financial statements is a major piece of work that involves a significant amount of officer time across the Authority. Officers therefore prepare a detailed plan of work in conjunction with the external auditors, to ensure that all tasks can be completed by the required deadlines. This is monitored closely throughout the period of accounts preparation and audit to ensure the statutory deadlines are adhered to.
- 5.2 As set out in the external auditors' report, the most significant risk is that financial statements as a whole are not free of material misstatements that could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements, whether caused by fraud or error. The objective of external audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit will always detect a material misstatement when it exists.

6 LEGAL IMPLICATIONS

- 6.1 It is a statutory requirement for the draft financial statements to be signed by the Chief Finance Officer (Assistant Director, Resources (Section 151 Officer)) by 31 July. The draft financial statements and balance sheet were

signed and presented for audit on 25 June 2020. On conclusion of audit, the final financial statements must be published on the Council's website, alongside the statement of the external auditor's opinion.

7 EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups as defined under the Equality Act 2010.

8 RECOMMENDATION

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

- (1) That the contents of the draft Audit Results Report be noted.
- (2) That the Financial Statements be approved in principle.
- (3) That final sign off of the Financial Statements be delegated to the Chairman of the Audit Committee, subject to no significant audit changes being identified post the Committee meeting.
- (4) That the movement in general fund balances be noted.



Naomi Lucas

Assistant Director, Resources

Background Papers: -

None.

For further information please contact Naomi Lucas (Assistant Director, Resources) on: -

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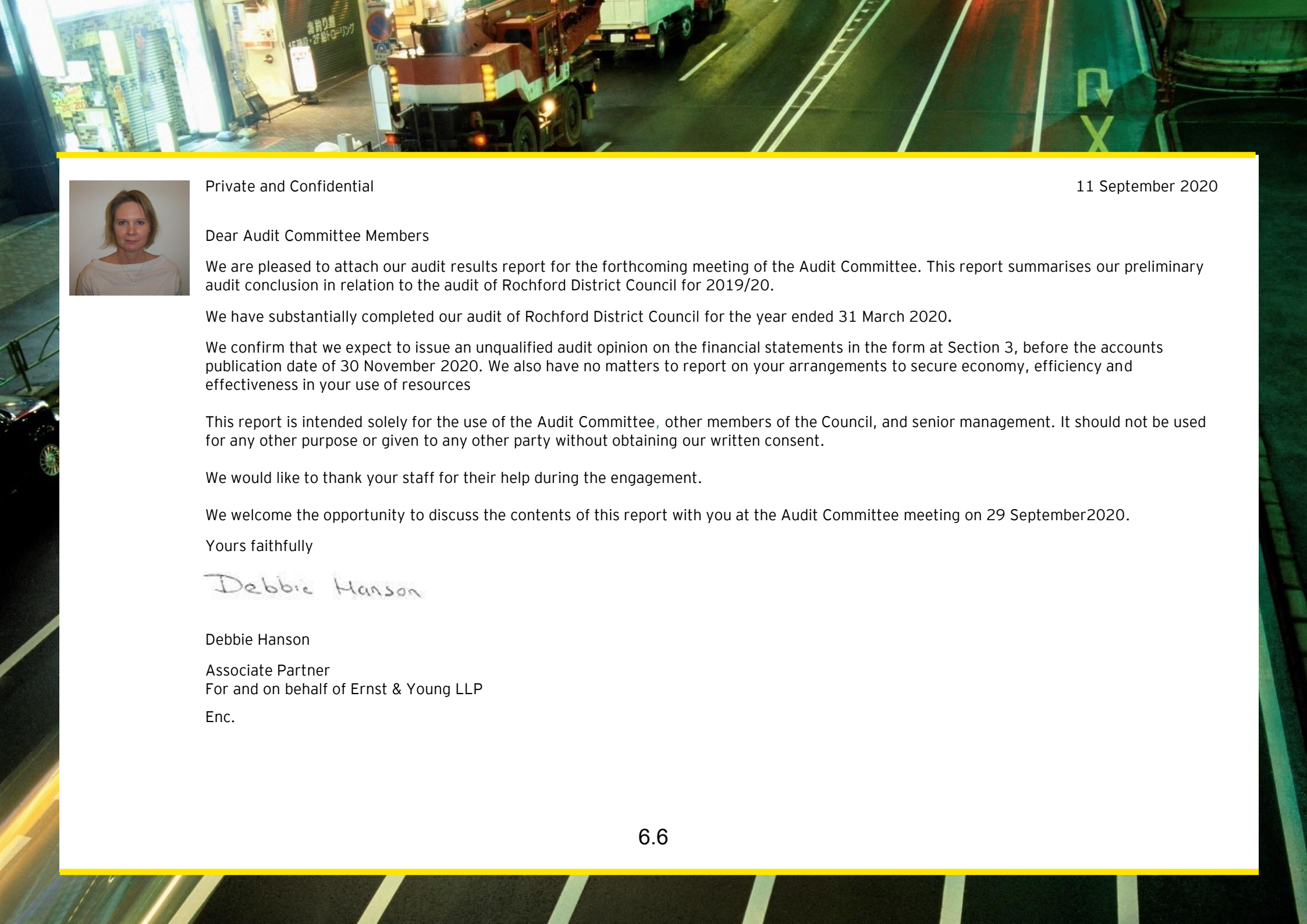
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If you would like this report in large print, Braille or another language please contact 01702 318111.

Rochford District Council Audit results report

Year ended 31 March 2020

11 September 2020



Private and Confidential

11 September 2020



Dear Audit Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit Committee. This report summarises our preliminary audit conclusion in relation to the audit of Rochford District Council for 2019/20.

We have substantially completed our audit of Rochford District Council for the year ended 31 March 2020.

We confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3, before the accounts publication date of 30 November 2020. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources

This report is intended solely for the use of the Audit Committee, other members of the Council, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 29 September 2020.

Yours faithfully

Debbie Hanson

Debbie Hanson

Associate Partner

For and on behalf of Ernst & Young LLP

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Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01 Executive Summary

Executive Summary

Scope update

In our Provisional Audit Planning Report, presented at the 28 July 2020 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

Changes to reporting timescales

As a result of COVID-19, new regulations, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404, have been published and came into force on 30 April 2020. This announced a change to publication date for final, audited accounts from 31 July to 30 November 2020 for all relevant authorities.

Changes to the scope of our audit as a result of Covid-19

As detailed in our Audit Planning Report Update, also presented at the 28 July 2020 Audit Committee, we set out the following additional inherent risks:

- ▶ **Bad debt provision** - the provision is open to judgement and estimation and will need to reflect the economic uncertainty as a result of Covid-19.
- ▶ **Disclosures on going concern** - Financial plans for 2020/21 and medium term financial plans will need revision for Covid-19. We considered the unpredictability of the current environment gave rise to a risk that the Council may not appropriately disclose the key factors relating to going concern, underpinned by managements assessment with particular reference to Covid-19 and the Council's actual year end financial position and performance.

Other areas to bring to your attention as a result of Covid-19 are as follows:

- ▶ **Valuation of land and buildings (part of the property, plant and equipment balance in the accounts)**- The Royal Institute of Chartered Surveyors (RICS), the body setting the standards for property valuations, has issued guidance to valuers highlighting that the uncertain impact of Covid-19 on markets might cause a valuer to conclude that there is a material uncertainty. Caveats around this material uncertainty have been included in the year-end valuation reports produced by the Council's external valuer. We consider that the material uncertainties disclosed by the valuer gave rise to an additional risk relating to disclosures on the valuation of land and buildings.
- ▶ **Events after the balance sheet date** - We identified an increased risk that further events after the balance sheet date concerning the current Covid-19 pandemic may need to be disclosed. The amount of detail required in the disclosure needed to reflect the specific circumstances of the Council.
- ▶ **Adoption of IFRS16** - The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Council will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. We therefore no longer consider this to be an area of audit focus for 2019/20.



Executive Summary

Scope update

Changes in materiality

We updated our planning materiality assessment using the draft financial statements. Based on our materiality measure of 2% of gross expenditure we have updated our overall materiality assessment to £0.653m (Audit Planning Report – £0.743 million). This results in updated performance materiality, at 75% of overall materiality, of £0.49 million, and an updated threshold for reporting misstatements of £0.03 million.

Information Produced by the Entity (IPE):

We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Authority's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agree IPE to scanned documents or other system screenshots.

Additional EY consultation requirements concerning the impact on auditor reports because of Covid-19:

The changes to audit risks, audit approach and auditor reporting requirements changed the level of work we needed to perform. In addition, following the government's decision to enforce a lockdown, all audit firms implemented a moratorium on the majority of their auditor reports. Whilst the moratorium was lifted in mid-April, because of the ongoing uncertainty Covid-19 presents to the material accuracy of financial statements, EY (in common with other firms) introduced a rigorous consultation process for all auditor reports to ensure that we are providing the appropriate assurance to the readers of accounts.

We have noted the impact of the above issues on our audit fee at Section 09.

Executive Summary

Status of the audit

We substantially completed our audit of Rochford District Council's financial statements for the year ended 31 March 20 and have performed the procedures outlined in our Audit Planning Report. We are planning to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 4.

We are currently consulting internally on whether our audit opinion will need to include an emphasis of matter in relation to the following area. An emphasis of matter is not a modification or qualification of our audit report and merely direct a reader's attention to a disclosure in the Council's financial statements:

Land and buildings valuation:

The Council's external valuers have followed the RICS guidance and included material uncertainty statements in their valuation reports for the year ended 31st March 20. We have requested that the Council disclose this material uncertainty within their accounts. We have carried out procedures to satisfy ourselves that the property valuations are reasonable.

Going concern disclosure:

There is presumption that the Council will continue as a going concern. However, the current and future uncertainty over local government funding as a result of Covid-19 increases the need for the Council to undertake a detailed assessment to support its assertion and evaluate its financial resilience, and to include commentary in the accounts about the risks and uncertainties regarding its financial position. Management have included an appropriate disclosure within the financial statements.

Our audit work in respect of Rochford District Council audit opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Internal consultation procedures on going concern assessment and disclosure and the material uncertainty in relation to land and buildings valuation as noted above;
- ▶ Final Associate Partner review of audit work; and
- ▶ Receipt of signed accounts, statement of responsibilities and management representation letter.

Audit differences

We identified one unadjusted audit difference in the draft financial statements which management has chosen not to adjust. We ask that they be corrected or a rationale as to why they are not corrected be approved by the Audit Committee and included in the Letter of Representation. The value of the unadjusted audit difference is £0.13 million and results in both income and expenditure being overstated with no impact of the net expenditure within the accounts or the general fund balance. We agree with management's assessment that the impact is not material.

Other than the item above, we have only identified disclosure differences.

Executive Summary

Areas of audit focus

Our Provisional Audit Planning Report and Update identified key areas of focus for our audit of Rochford District Council's financial statements. This report sets out our observations and conclusions. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

Risk	Findings & Conclusions
Misstatements due to fraud or error (management override)	We have completed our audit work in respect of journal entries, estimates and unusual transactions. We have not identified any indications of management override of controls.
Incorrect capitalisation of revenue spend	We have completed our audit work on capital additions and REFCUS and have not identified any misstatements.
Pensions liability valuation	We have reviewed the accounting entries and disclosures in the draft financial statements and assessed the work of the actuary. On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud case. We confirmed that the changes to the arrangements were not material to Rochford District Council for the year ended 31 March 2020. The post balance sheet events disclosure has been updated to reflect the consultation.
Valuation of land and buildings	We have completed our review of land and building valuations, including a review of assets not revalued. We have not identified any material misstatements. As a result of RICS material uncertainty clauses included within the valuation reports we have requested that the estimation uncertainty disclosure is enhanced in this area.
Bad debt provision valuation	We have completed our review of the bad debt provision and are satisfied that management has appropriately reflected the uncertainty as a result of Covid in their provision. We have not identified any misstatements.
Going concern disclosure	Management included a going concern disclosure within the financial statements which we have reviewed alongside management's going concern assessment. The disclosure has been enhanced as a result of our review.

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.



Executive Summary

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Provisional Audit Planning Report we identified the following significant risk:

Asset Delivery Programme

As part of our work in 2018/19, we reviewed the Asset Management Strategy and the outline business case as well as reviewing the governance arrangements and the financial viability of the project. We concluded that arrangements were adequate and issued an unqualified value for money conclusion. In 2019/20, we have reviewed progress since our 2018/19 work. This included a review of the final business case along with the work of specialists used to support the development of the Strategy and Business Case.

We have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your WGA return. The extent of our review, and the nature of our report, is specified by the NAO. As the Council falls below the £500 million threshold for review as per the NAO's group instructions, we are not reporting any matters.

Independence

Please refer to Section 10 for our update on Independence.



02

Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error (management override)

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

We have not identified a heightened risk of management override overall, but we have identified a specific area where management override might occur: incorrect capitalisation of revenue spending. Our specific response to this risk is set out in the next slide.

What judgements are we focused on?

We focussed on testing key areas that are susceptible to management bias including journal entries, material accounting estimates, and unusual transactions.

What did we do?

- ▶ Identified fraud risks during the planning stages;
- ▶ Asked management about risks of fraud and the controls put in place to address those risks;
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud;
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determined an appropriate strategy to address those identified risks of fraud; and
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

Our testing of journals is completed and we have not identified adjustments outside of the normal course of business. All journals tested have appropriate rationale.

We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.



Areas of Audit Focus

Significant risk

Incorrect capitalisation of revenue expenditure

What is the risk?

In considering how the risk of management override may present itself, we conclude that this is primarily through management taking action to override controls and manipulate in year financial transactions that impact the medium to longer term projected financial position.

A key way of improving the revenue position is through the inappropriate capitalisation of revenue expenditure. The Council has a significant fixed asset base and therefore has the potential to materially impact the revenue position through inappropriate capitalisation.

What judgements are we focused on?

How management decides on appropriate capitalisation of revenue expenditure.

Confirming additions to property, plant and equipment and revenue expenditure funded from capital under statute have been correctly classified and meet the relevant criteria.

What did we do?

We:

- Sample tested additions to property, plant and equipment and intangible assets to ensure that they have been correctly classified as capital and included at the correct value in order to identify any revenue items that have been inappropriately capitalised.
- Sample tested Revenue Expenditure Funded from Capital Under Statute (REFCUS), to verify that they meet the statutory definition for REFCUS and therefore confirm that revenue costs have not been inappropriately funded from capital.
- Identified the controls the Council has in place to prevent incorrect capitalisation of revenue expenditure.
- Considered the effectiveness of management's controls designed to address the risk.
- Tested year end journals which move expenditure from revenue to capital.

What are our conclusions?

We have completed our work on additions and REFCUS and have not identified any additions that were incorrectly capitalised or REFCUS items which did not meet the statutory definition.

Areas of Audit Focus

Other areas of audit focus (continued)

What is the risk/area of focus?

Pension liability valuation

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2020 this totalled £25.905 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Essex Pension Fund, Barnett Waddingham.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What did we do?

We:

- ▶ liaised with the auditors of the Essex Pension Fund to obtain assurances over the information supplied to the actuary in relation to Rochford Council;
- ▶ assessed the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC, being the Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY Pensions actuarial team;
- ▶ Considered the movement in fund asset values between the actuary's estimate and year end; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We have received reports from the Essex Pension Auditor and the EY Pensions actuarial team and are satisfied that the information supplied to the actuary is accurate and the assumptions applied by the actuary are reasonable.

We considered the Council's response to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements, commonly described as the McCloud ruling. On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud case. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April 2015 to be eligible for remedy. Our EY Pensions team has reviewed the approach taken by Barnett Waddingham and confirmed that the allowance they have made for the consultation is reasonable. As a result, we are satisfied that the IAS 19 report used in the preparation of the draft financial statement is based on appropriate assumptions. We have also considered the impact of another recent legal ruling (referred to as Goodwin) and are satisfied based on the current guidance we have that the impact of this is not material to the Council's financial statements. Therefore no adjustments have been proposed. The post balance sheet events disclosure has been updated to reflect these recent events.

Areas of Audit Focus

Other areas of audit focus (continued)

What is the risk/area of focus?

Valuation of land and buildings

The fair value of land and buildings which is the main element of property, plant and equipment (PPE), represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

As a result of Covid-19, the Council's external valuers have followed the RICS guidance and included material uncertainty statements in their valuation reports for the year ended 31st March 20.

What did we do?

We:

- ▶ considered the work by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ sample tested key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE;
- ▶ reviewed assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- ▶ considered changes to useful economic lives as a result of the most recent valuation;
- ▶ tested that accounting entries have been correctly processed in the financial statements; and
- ▶ carried out procedures to satisfy ourselves that the property valuations are reasonable in light of the material uncertainty statements in their valuation reports for the year ended 31st March 2020. These included agreeing build costs and location factors for specialist assets valued at depreciated replacement cost to ensure an appropriate uplift had been made, and agreed that uplift for assets valued at existing use value were in line with sector indices; and
- ▶ reviewed the enhanced disclosure around this material uncertainty within the estimation uncertainty note in the Council's accounts

We are currently finalising our consultation process in relation to the disclosures relating to the material uncertainty and potential emphasis of matter in our audit report.

Areas of Audit Focus

Other areas of audit focus (continued)

Conclusions

- We are satisfied with the scope of the work performed by the valuers including their professional capabilities;
- We concluded that the underlying valuation assumptions are reasonable based on sample testing to supporting evidence;
- We confirmed that the Council has valued all assets within a five year rolling programme;
- Our consideration of assets not revalued in year did not identify any significant changes to assets which would indicate the need for a revaluation; and
- We did not find any significant changes to economic lives as a result of the most recent valuation;
- We did not find errors in the processing of accounting entries;
- We are satisfied that property valuations are reasonable and have not been materially impacted by Covid-19 as at 31 March 2020
- We are satisfied that the disclosure around the material uncertainty within the accounts is appropriate and are consulting on whether we need to include an emphasis of matter paragraph in our audit report to direct the readers attention to this disclosure. An emphasis of matter is not a modification or qualified of our audit report.

Areas of Audit Focus

Other areas of audit focus (continued)

What is the risk/area of focus?

Bad debt provision valuation

Each year the Council makes an allowance for debts that may not be recovered. In 2019/20 this provision totals £1.62 million representing 44% of the Council's short term debtors.

In the current environment, we expect that additional provisions will need to be made to account for the economic difficulties some residents and suppliers may be experiencing as a result of Covid-19.

The provision is open to judgement and estimation which will need to reflect the current economic uncertainty.

What did we do?

We:

- ▶ Reviewed the calculation of the bad debt provision and assessed the reasonableness of the approach
- ▶ Challenged management assumptions supporting the calculation, particularly where historic collection rates have been used as a prediction for future collectability
- ▶ Compared provisions made in 2018/19 against provisions made in 2019/20 and obtained robust explanations for any movements
- ▶ Reviewed and assessed the accuracy and completeness of any disclosures related to estimation uncertainty in the accounts.

Our work demonstrated that management had appropriately reflected the possible impact of Covid-19 within their provision assumptions. The provision had increased from 2018/19, when it was £1.56 million representing 37% of short term debtors. No misstatements have been identified.

Areas of Audit Focus

Other areas of audit focus (continued)

What is the risk/area of focus?

Going concern disclosures

Covid-19 has created a number of financial pressures throughout Local Government. It is creating financial stress through a combination of increasing service demand leading to increased expenditure in specific services, and reductions in income sources. There is currently not a clear statement of financial support from MHCLG that covers all financial consequences of Covid-19.

There have been a number of media stories in both the national press and trade publications raising the possibilities of an increase in Chief Financial Officers using their s114 powers. This could be under s114(3), insufficient resources to fund likely expenditure.

CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 states that organisations that can only be discontinued under statutory prescription shall prepare their accounts on a going concern basis.

However, International Auditing Standard 570 Going Concern, as applied by Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom, still requires auditors to undertake sufficient and appropriate audit procedures to consider whether there is a material uncertainty on going concern that requires reporting by management within the financial statements, and within the auditor's report. We are obliged to report on such matters within the section of our audit report 'Conclusions relating to Going Concern'.

To do this, the auditor must review management's assessment of the going concern basis applying IAS1 Presentation of Financial Statements.

What did we do?

We:

- ▶ Reviewed managements going concern assessment, including stress testing of assumptions and cash flow forecasts
- ▶ Reviewed the going concern disclosure within the draft financial statements for consistency with managements going concern assessment

We have substantially completed our work and requested an updated going concern disclosure note be included within the financial statements.

The note has been prepared and reviewed and is consistent with Management's going concern assessment. We have not identified a material uncertainty in relation to Going Concern.

As a result of our work we proposed some enhancements to the going concern disclosure which have been reflected in the final statement of accounts.

We are currently finalising our consultation process in relation to this issue and will update the Audit Committee if any further issues arise as a result of the consultation.



03 Audit Report



Draft Audit Report

Draft audit report

Our draft opinion on the financial statements is included below. Note that we have been unable to determine the going Concern impact on our opinion as we have not received management's going concern assessment.

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHFORD DISTRICT COUNCIL - DRAFT

Opinion

We have audited the financial statements of Rochford District Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement
- Related notes 1 to 32
- Collection Fund and the related notes 1 to 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 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Rochford District Council and Group as at 31 March 2020 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 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - impact of Covid-19 (if required to be included)

We draw attention to Note 2.19 Going Concern of the financial statements, which describe the financial and operational consequences the Group is facing as a result of COVID-19 and the additional pressure that this presents to expenditure and funding. Our opinion is not modified in respect of this matter.

We also draw attention to Note 6 Sources of estimation uncertainty and Note 12 Revaluations of property, plant and equipment of the financial statements, which describes the valuation uncertainty the Council is facing as a result of COVID-19 in relation to property valuations. Our opinion is not modified in respect of this matter.



Draft Audit Report

Our opinion on the financial statements

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the narrative statement set out on pages 1-14, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, with the exception of the matters reported in the basis for qualified conclusion paragraph above, 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 2020.

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 Council;

- 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



Audit Report

Our opinion on the financial statements

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the *Chief Financial Officer* Responsibilities set out on page 15, the *Chief Financial 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 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

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 for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 2017, as to whether Rochford District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Rochford District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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, Rochford District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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.



Audit Report

Our opinion on the financial statements

Certificate

We certify that we have completed the audit of the accounts 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.

Use of our report

This report is made solely to the members of Rochford District Council, as a body, 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 Rochford District Council and Rochford District Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
XX/XX/2020



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We did not identify any audit adjustments that have been adjusted through the course of our audit. The accounts have been well prepared with a very low level of error.

We did identify some disclosure adjustments - management has agreed to amend for all disclosure adjustments.

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We request that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 st March 2020 (£000)	Effect on the current period:	Balance Sheet (Decrease)/Increase			
		Assets current Debit/ (Credit)	Assets non current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors					
Gross Income - Revenue and cost incorrectly recognised on internal recharges for housing benefit	130.77				
Gross Expenditure	(130.77)				
Cumulative effect of uncorrected misstatements	0				

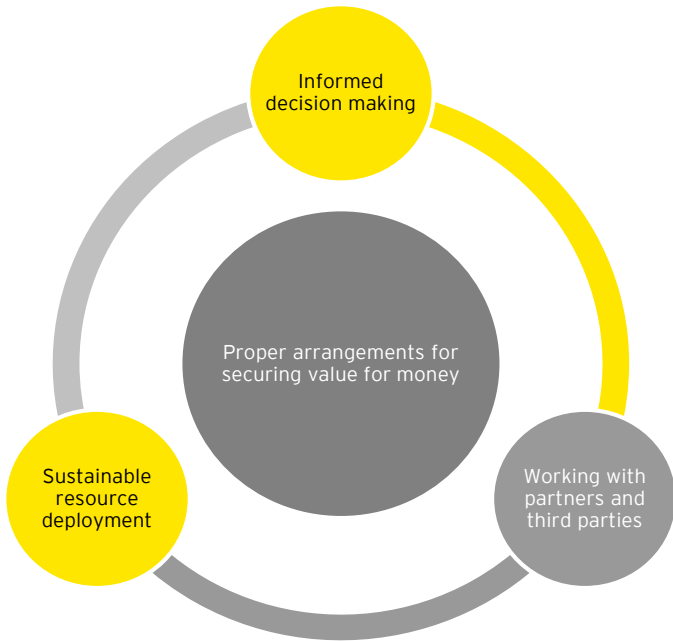


05

Value for Money



Value for Money



Background

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

Impact of covid-19 on our Value for Money assessment

On 16 April 2020 the National Audit Office published an update to auditor guidance in relation to the 2019/20 value for money assessment in the light of Covid-19. This clarified that in undertaking the 2019/20 value for money assessment auditors should consider Local Authorities' response to Covid-19 only as far as it relates to the 2019-20 financial year; only where clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the financial year, would it be appropriate to recognise a significant risk in relation to the 2019/20 value for money arrangements conclusion.

Overall conclusion

We identified one significant risk relating to the governance arrangements for the Council's Asset Delivery Programme. The table below presents our findings in response to the risk in our Provisional Audit Planning Report. We did not identify any additional risks as a result of Covid-19.

There are no issues to report in relation to these matters.

Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as:

“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Planning Report.

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p>Asset Delivery Programme</p> <p>As part of our work in 2018/19, we reviewed the Asset Management Strategy and the outline business case as well as reviewing the governance arrangements and the financial viability of the project. We concluded that arrangements were adequate and issued an unqualified value for money conclusion.</p> <p>In 2019/20, we will review progress since our 2018/19 work. This will include a review of the final business case along with any work of specialists used in the 2019/20 year to support the development of the Strategy and Business Case</p>	<ul style="list-style-type: none"> ▪ Take informed decisions 	<p>We completed our assessment as outlined in our Provisional Audit Planning Report. We noted that the Council is progressing its asset delivery plan and in 2019/20 progress has been made in the procurement of a preferred bidder.</p> <p>Based on the work we have performed we have concluded that, during the period from 1st April 2019 to 31st March 2020, the Council has put in place proper arrangements to:</p> <ul style="list-style-type: none"> • Ensure that appropriate procurement documentation is prepared and approved by members; • Ensure sufficient evaluation of bidder’s submissions is undertaken by the appropriate specialists, alongside the Council, to form a robust and evidence led decision over the preferred bidder; • Enable a Final Business Plan to be developed and approved that supports the Council’s objectives; • Obtain appropriate technical guidance to recognise gaps in capacity and experience within the Council; and • Report the preferred bidder decision based on an options appraisal for the most appropriate solution. <p>The estimated net capital cost as at March 2020 is £6.0 million offset against £4.5 million sales of Council assets that are no longer required. This would leave a net cost of £1.5 million, to be funded either through reserves or borrowing. We noted that as the Final Business Case was approved in March 2020, the February 20 MTFP does not reflect the final costs and only includes an estimated gap of £0.6 million. We are however satisfied that the Council has sufficient reserves to fund the increase without impacting on financial sustainability over the medium term and that the reasons for the increase are supportable.</p>



06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts for the year 2019/20 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Annual Financial Report 2019/20 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your WGA return. The extent of our review, and the nature of our report, is specified by the NAO. As the Council falls below the £500 million threshold for review as per the NAO's group instructions, we are not reporting any matters.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Council, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We have not identified any relevant issues.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations; and
- Group audits.

We have no significant matters to report in relation to the above.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08 Data Analytics



Use of Data Analytics in the Audit

► Data analytics

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2019/20, our use of these analysers in the Council's audit included testing journal entries to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal entry analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



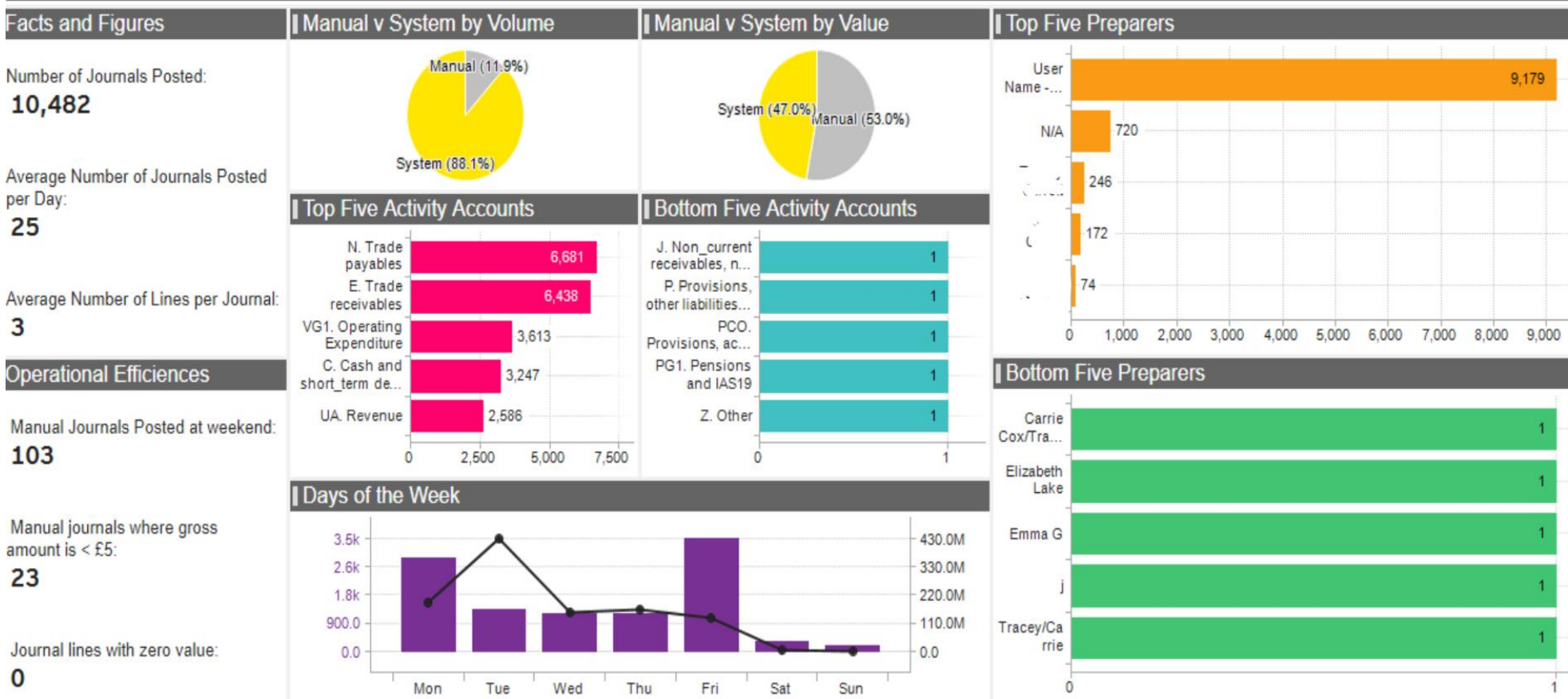
Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the journal population for 2019/20. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.

EY Helix - GLASS: Journal Entry Data Insights - 20 Rochford District Council - P1 to P12 - 31/03/2020





Journal Entry Testing

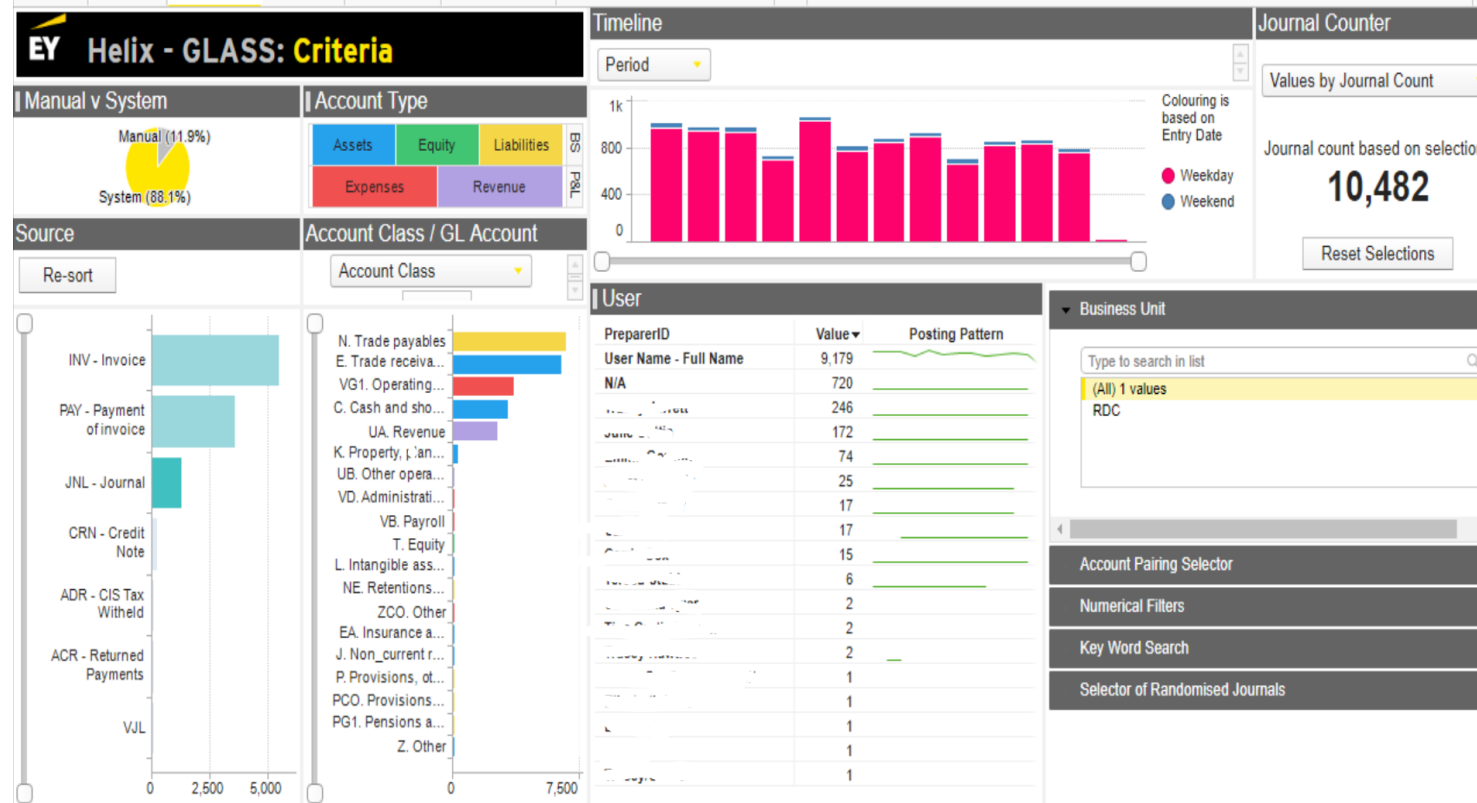
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

Journal entry data criteria – 31 March 2020



What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.



09

Independence

Confirmation and analysis of Audit fees

We confirm there are no changes in our assessment of independence since our confirmation in our Provisional Audit Planning Board Report dated 3 March 2020.

We complied with the APB Ethical Standards. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your General Purposes and Audit Committee consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Audit Committee on 29th September 2020.

We confirm we have undertaken non-audit work outside of the Statement of responsibilities of auditors and audited bodies as per our external audit engagement letter. We have adopted the necessary safeguards in our completion of this work.

Description	Planned Fee 2019/20 £	Final Fee 2018/19 £
Total Scale Fee - Code work	36,696	36,696
Changes in work required to address professional and regulatory requirements and scope associated with risk	23,181 (Note 2)	13,893 (Note 1)
Additional work required due to changes in scope and as a result of Covid-19	TBC (Note 3)	0
Additional work required for internal consultation on audit report due to Covid-19	TBC (Note 4)	0
Total audit fees	TBC	50,589

As part of our reporting on our independence, we set out below a summary of the fees you have paid us in the year ended 31 March 2020.

We confirm that we have not undertaken any non-audit services for the year ended 31st March 2020.

Notes:

- (1) The 2018/19 Code work includes an additional fee of £13,893, which relates to additional work required during the 2018/19 audit. This was agreed with officers and approved by the PSAA.
- (2) For 2019/20, the scale fee will be impacted by a range of factors which will result in additional work, as detailed in our Provisional Audit Planning Report and Update
- (3) As a result of Covid-19 we identified increased risk and work required in relation to the higher risk related to the valuation of the bad debt provision and going concern as well as the work to address the material uncertainty in the valuer's report.
- (4) Additional time has been required for internal consultation processes on the audit report as a result of Covid-19. As this process has not yet been completed we are currently unable to quantify the impact on our audit fee.

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, senior management and its affiliates, including all services provided by us and our network to your Authority, senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2019 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Independence

Next Steps

We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under FRC Revised Ethical Standard 2016 which will continue to apply until 31 March 2020 as well as the recently released FRC Revised Ethical Standard 2019 which will be effective from 1 April 2020. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

We do not provide any non-audit services which would be prohibited under the new standard.

Other communications

EY Transparency Report 2019

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2019:

https://assets.ey.com/content/dam/ey-sites/ey-com/en_uk/about-us/transparency-report-2019/ey-uk-2019-transparency-report.pdf







10 Appendices





Appendix A

Required communications with the Corporate Governance Committee

There are certain communications that we must provide to the Audit Committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Provisional Audit Planning Report - 3 March 2020 Audit Plan Update 28 May 2020
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Provisions Audit Planning Report - 3 March 2020 Audit Plan Update 28 May 2020
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - September 2020.

Appendix A

		 Our Reporting to you
 Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	<p>Provisional Audit Planning Report - 3 March 2020 Audit Plan Update 28 May 2020 Audit Results Report - September 2020</p>
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - September 2020.
Subsequent events	<ul style="list-style-type: none"> ▶ Asking the Audit Committee where appropriate about whether any subsequent events have occurred that might affect the financial statements. 	Audit Results Report - September 2020
Fraud	<ul style="list-style-type: none"> ▶ Asking the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Council ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Council, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - September 2020.

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Council 	Audit Results Report - September 2020
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Planning Report - 3 March 2020</p> <p>Audit Plan Update 28 May 2020</p> <p>Audit Results Report - September 2020</p>

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	All confirmations requested have been received.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - September 2020

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit Results Report - September 2020.
Written representations we request from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we request from management and/or those charged with governance 	Audit Results Report - September 2020.
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - September 2020
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - September 2020
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Provisional Audit Planning Report - 3 March 2020 Audit Plan Update 28 May 2020 Audit Results Report - September 2020
Certification work	<ul style="list-style-type: none"> ▶ Summary of certification work 	Audit Results Report - September 2020

Management representation letter

Please note that the representation letter below is a draft version and could be subject to change. The item related to unadjusted misstatements is highlighted red. Currently we are not in a position to confirm this wording in the management representation letter.

Management Rep Letter - DRAFT

[To be prepared on the entity's letterhead]

[Date]

Debbie Hanson
Associate Partner
Ernst & Young
400 Capability Green, Luton, LU1 3LU

This letter of representations is provided in connection with your audit of the consolidated and council financial statements of *Rochford District Council* ("the Group and Council") for the year ended 31st March 20. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and council financial statements give a true and fair view of the Group and Council financial position of Rochford District Council as of 31st March 20 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2029/20.

We understand that the purpose of your audit of our consolidated and council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing, which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and council financial statements. We believe the consolidated and council financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and are free of material misstatements, including omissions. We have approved the consolidated and council financial statements.
3. The significant accounting policies adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 that are free from material misstatement, whether due to fraud or error

Management representation letter

Management Rep Letter

We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and council financial statements taken as a whole. We have not corrected these differences identified and brought to our attention by the auditor because [\[specify reasons for not correcting misstatement\]](#).

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible for determining that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible for identifying and addressing any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial statements;

- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated or Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group or Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the consolidated and council financial statements, including those related to the COVID-19 pandemic
3. We have made available to you all minutes of the meetings of the Group, and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [\[list date\]](#)

Management representation letter

Management Rep Letter

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the year ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the consolidated and council financial statements.

5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and council financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt

7. From [the date of our last management representation letter] through the date of this letter we have disclosed to you any unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and council financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed all guarantees that we have given to third parties.

4. No claims in connection with litigation have been or are expected to be received.

E. Subsequent Events

1. Other than the events described in the consolidated and council financial statements, there have been no events, including events related to the COVID-19 pandemic, subsequent to year end which require adjustment of or disclosure in the consolidated and council financial statements or notes thereto.

F. Group audits

1. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst council, subsidiary undertakings and associated undertakings.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the narrative report and the annual governance statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Going Concern

1. Note [X] to the consolidated and council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Management representation letter

Management Rep Letter

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council's assets, nor has any asset been pledged as collateral. All assets to which the Group and Council has satisfactory title appear in the balance sheet.
2. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

J. Reserves

1. We have properly recorded or disclosed in the consolidated and council financial statements the useable and unusable reserves.

K. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the consolidated and council financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the consolidated and council financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
 - Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [\[continue listing as appropriate\]](#)) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the consolidated and council financial statements or as a basis for recording a loss contingency.

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the measurement and valuation of Property, defined benefit pension scheme and financial instruments and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and council financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the property, plant and equipment, Heritage Assets, provisions and pensions valuations appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the consolidated and council financial statements with respect to the accounting estimate(s) are complete, including the effects of the COVID-19 pandemic on the financial statements and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Management representation letter

Management Rep Letter

4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the consolidated and council financial statements due to subsequent events, including due to the COVID-19 pandemic.

N. Retirement Benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

(Chief Financial Officer/Finance Director)



(Chairman of the Audit Committee)

Appendix D

Accounting and regulatory update

Accounting update



Since the date of our last report to the Audit Committee/Board, there have been a number of exposure drafts, discussion papers and other projects issues. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on Rochford District Council 
IFRS 16	<ul style="list-style-type: none"> ▶ The adoption of IFRS 16 by CIPFA/LASAAC as the basis for preparation of Local Authority Financial Statements has been deferred until 1 April 2021. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified in 2019/20. 	<p>IFRS 16 - leases introduces a number of significant changes which go beyond accounting technicalities. For example, the changes have the potential to impact on procurement processes as more information becomes available on the real cost of leases.</p> <p>The key accounting impact is that assets and liabilities in relation to significant lease arrangements previously accounted for as operating leases will need to be recognised on the balance sheet.</p> <p>In particular, full compliance with the revised standard for 2021/22 is likely to require a detailed review of existing lease and other contract documentation prior to 1 April 2021 in order to identify:</p> <ul style="list-style-type: none"> ▶ all leases which need to be accounted for ▶ the costs and lease term which apply to the lease ▶ the value of the asset and liability to be recognised as at 1 April 2021 where a lease has previously been accounted for as an operating lease. <p>We will discuss progress made in preparing for the implementation of IFRS 16 - leases with the finance team over the course of our 2020/21 audit.</p>

Appendix D

Regulatory update

Since the date of our last report to the Audit Committee/Board, there have been a number of regulatory developments. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures 	Impact on Rochford District Council 
Code of Audit Practice 2020	<ul style="list-style-type: none"> ▶ The updated Code of Audit Practice issued by the National Audit Office has introduced some significant changes to the requirements regarding auditors' work on the value for money conclusion, which will be applicable from 2020/21. 	<ul style="list-style-type: none"> ▶ The NAO are currently updating the Auditor Guidance Notes which will set out how the new Code of Audit Practice should be applied when carrying out value for money work. As such, the impact remains to be confirmed. ▶ Further updates will be provided when possible.
Going Concern - ISA (UK) 570 (Revised September 2019)	<ul style="list-style-type: none"> ▶ The standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, however EY expects to early-adopt the revised standard for all of our audits of periods ending on or after 30 June 2020. ▶ This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. 	<ul style="list-style-type: none"> ▶ Practice Note 10, which sets out how the auditing standards are applied in a public sector context, is currently being revised, including in light of the updated standard for Going Concern. As such, the impact is not clear at this stage. ▶ Further updates will be provided when possible.
Independence	<ul style="list-style-type: none"> ▶ The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and will be effective from 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to companies that are UK Public Interest Entities (PIEs). This prohibition will also extend to any UK parent and apply to all worldwide subsidiaries. A narrow list of permitted services will continue to be allowed. 	<ul style="list-style-type: none"> ▶ We will continue to monitor and assess all ongoing and proposed non-audit services and relationships to ensure they are permitted under the FRC Revised Ethical Standard 2019 which will be effective from 15 March 2020. Non-audit services which are in progress as at 15 March 2020 and are permitted under the existing ethical standard will be allowed to continue under the existing engagement terms until completed. We will work with you to ensure orderly completion of the services or where required, transition to another service provider within mutually agreed timescales.

EY | Assurance | Tax | Transactions | Advisory

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EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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**Rochford District
Council:
Annual Financial
Report 2019/20**

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1 Introduction

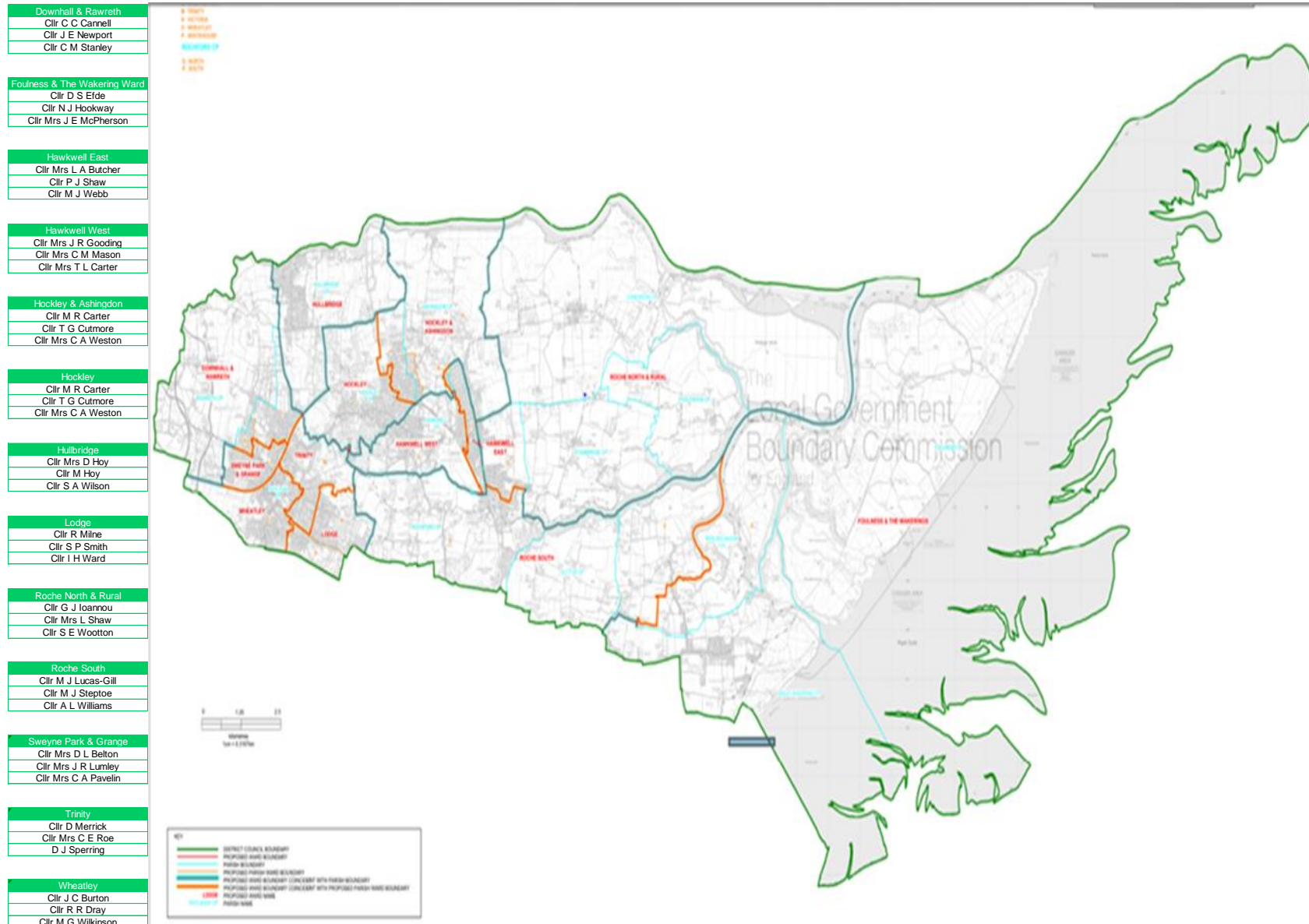


Within the District of Rochford, Essex County Council, Rochford District Council and the Town and Parish Councils work together with other partners to provide a large range of services to the public.











The functions of Rochford District Council include: -

- **Assets and Commercial Services:** Leisure, Asset Management, Emergency Planning, Health and Safety, Transportation.
- **People and Communities Services:** Environmental Health, Community Safety, Housing, Safeguarding, Partnerships, Licensing
- **Place and Environmental Services:** Open Spaces, Street Scene, Waste and Recycling, Development Management, Planning Services, Building Control, Economic Development
- **Resource Services:** Finance including Accountancy, Payroll, Performance, Payments and Income, Revenues and Benefits, Audit
- **Legal and Democratic Services:** Legal, Elections, Information Services, Democratic Services, Procurement, Leadership Support Team, Overview and Scrutiny
- **Transformation and Customer Services:** Transformation, Customer Services, ICT

2 Rochford District Councillors (on 31st March 2020)



3 Rochford by numbers

	<p>Over £213,000 spent on housing adaptations increasing residents independence</p>		<p>2019/20 budget underspend of £0.5m (5%)</p>
<p>Recycling rate 62.7%</p>		<p>0.1% missed bins vs total collected</p>	
	<p>98.7% Council Tax collection rate</p>		<p>602 planning applications approved</p>
	<p>Rochford Business Network support for over 1,600 local businesses</p>		<p>Over 600,000 individual visits to Leisure facilities</p>
<p>340 new homes in the district</p>		<p>Produced a balanced budget for 2020/21</p>	



4 Key Highlights and Successes

Funding secured from Active Essex to deliver various projects across the Rochford District

Rayleigh Windmill maintained Visit England VAQAS accreditation – 3,037 annual visitors and 7 art exhibitions held

47 Civil Ceremonies held across Rayleigh Windmill and The Old House. Both venues were finalists in the Essex Wedding Awards.



258 food businesses were made safer

72 private dwellings made healthier and safer to live in, with 115 severe housing hazards removed

RDC has revived the Flood Forum to provide an avenue for dealing with residents' concerns about flood risks by working with partners to establish causes and seek resolutions.

100% of Building Control applications and inspections within statutory deadlines.



Recycling Statistics released by DEFRA placed Rochford seventh in the league out of more than 350 local authorities across England.

The District has consistently been in the top ten LAs for recycling over the past nine years and has topped the table on two separate occasions.

RDC has approved a balanced budget for 2020/21, against a backdrop of significant financial pressures

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

£351,000 of costs avoided to the wider public sector as a result of private housing service work e.g. falls prevention through hazard removal



5 The Business Plan

BUSINESS PLAN



OUR VALUES
 Customer focused: Maximising potential: Proactive: Innovative

OUR VISION
 “Working to help shape your future”

OUR PRIORITIES

BEING FINANCIALLY SUSTAINABLE

Despite continued budget constraints, we will manage our resources effectively to ensure we can continue to fund high quality services.

We will invest in the future of the district to stimulate growth and prosperity as well as attracting investors and visitors.

Wherever possible, we will support local businesses and organisations.

We will improve our efficiency through modernising services and changing the way we work to meet residents’ needs.

EARLY INTERVENTION

Strong, vibrant communities are the foundation of strong vibrant economies.

We will focus on early intervention and protection for the most vulnerable.

We will support and invest in community level work which enables everyone to lead healthy, safe and fulfilling lives.

We will work with partner organisations to tackle inequalities and enable more improvements in well-being to be delivered by communities.

MAXIMISE OUR ASSETS

We will maintain, protect and enhance our many green parks, playgrounds and open spaces; creating greater opportunities for leisure and cultural enjoyment.

We will be more environmentally conscious and strive to eliminate our carbon footprint.

We will work with other councils across South Essex and Central Government to promote the district and create inward investment which will shape our landscape for the future.

ENABLE COMMUNITIES

We will support residents, local businesses and organisations to create a district full of great life opportunities and choices, business growth and economic security.

We will work with partners to build community resilience and public safety.

We will engage with communities to meet our priorities and shape the future of the district.

We will inspire our communities to make a difference.

6 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 create a quarterly dashboard for members to review performance.

The Performance indicators are regularly reviewed to best align to the Business Plan priorities as set out in Section 5.

The Key Performance indicators and associated targets are shown below for the 2019/20 year end

Rochford District Council – Narrative Report 2019/20

2019/20 Key Performance Indicators

Housing Benefit Administration						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Percentage of Housing Benefit Overpayments recovered to date (Cumulative)	HIGH IS GOOD	30.5%	17.8%	21.0%	-3.3%	At year end, the recovery rate is 12.7% under the year end target, representing a difference of -£103,942 compared to last year end. An ongoing issue is that as people transfer from Housing Benefit to Universal Credit, RDC loses the ability to apply deductions and must seek payment arrangements directly with the individual. The DWP Payment Deduction Project (PDP), when implemented at RDC, will enable RDC to apply for deductions to DWP benefits and should see an improvement however it is worth noting that overpayment collection methods are not as substantive as Council Tax Recovery and COVID-19 is expected to impact people's ability to pay.
Average number of days to process new benefit claims*	LOW IS GOOD	21.0	22.7	22.7	0.0	Data as at February 2020. The year to date is -1.72 over its year to date target. The Council continues to look at ways to simplify the Council Tax Support Scheme which will reduce both the administrative burden and processing times for new claims and change of circumstances. Efforts will continue to bring performance back on target but may not happen within the first quarter of 2020/21 due to the effect of COVID 19 which has resulted in a large increase in the number of new claims and change of circumstances to be processed.
Average number of days to process benefit claims changes in circumstances*	LOW IS GOOD	12.0	13.1	21.3	-8.2	Data as at February 2020. The year to date is -1.09 over its year to date target. The average time taken to action change of circumstance claims is currently 2.9 day(s) below its quarter target. The Council continues to review how to reduce the administrative burden of processing claims to bring average times down towards target.
Number of Out of Work Benefit Claimants: Actively Seeking Work	LOW IS GOOD	800	865	700	165	In line with national trends, the Lockdown and School Closures which began towards the end of March may have contributed to an increase in figures. Most Essex LAs have seen a similar increase. Overall, claimants have increased by 165 since April 2019. Rochford is one of the lowest in Essex.
Human Resources						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
The number of working days lost to the Local Authority due to sickness absence per FTE	LOW IS GOOD	7.5	13.3	6.2	7.1	The year end result is -5.8 over its year end target. There were more long term sicknesses this year than last which resulted in a higher total of sick days. This years results exclude COVID-19 absences.
Number of employees: Full Time Equivalents (FTE)	N/A	N/A	153.0	152	1	NOT A SIGNIFICANT CHANGE
Council Tax						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Percentage of Collectible Council Tax collected (Cumulative)	HIGH IS GOOD	98.2%	98.7%	98.6%	0.1%	NOT A SIGNIFICANT CHANGE
Business Rates						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Percentage of Collectible Business Rates collected (Cumulative)	HIGH IS GOOD	99.1%	99.5%	99.7%	-0.2%	NOT A SIGNIFICANT CHANGE
Financial Services						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Percentage of invoices paid in 30 days	HIGH IS GOOD	98.0%	94.0%	97.3%	-3.4%	NOT A SIGNIFICANT CHANGE
Percentage of invoices for commercial goods and services paid by the Authority within 10 days of receipt to Local Suppliers	HIGH IS GOOD	90.0%	62.7%	95.6%	-32.9%	Invoices Paid within 10 days to Local Suppliers is under its quarter target performance of 90% with 56% of invoices paid in time during January to March. The year end result shows that 63% were paid in time. As per PR012 above, this is mainly due to staffing changes within the team. However it's acknowledged that throughout the year the Local Supplier percentages have been below target and therefore the process will be reviewed to determine whether this target is achievable going forward.
Recycling Collection						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Residual waste Kg per household	LOW IS GOOD	310	323	371	-47	The year end result has improved on last year end and is -47 lower however, it is -13 over this years target. This is due to an increase in household recycling contamination. 2020/2021 will focus on educational campaigns along with continued monitoring.
Percentage of waste recycled or composted	HIGH IS GOOD	66.0%	62.7%	60.8%	1.9%	NOT A SIGNIFICANT CHANGE
Percentage of Missed bins vs total collected	LOW IS GOOD	0.0100%	0.0554%	0.0545%	0.0009%	NOT A SIGNIFICANT CHANGE
Development Management						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Percentage of Major Planning Applications determined in 13 weeks	HIGH IS GOOD	75.0%	50.0%	40.0%	10.0%	This year saw a total of 18 Major Applications, of which 10 were subject to extension of time. Of the 8 applications subject to the government target of 12 weeks, 4 were determined within time. Operational change and the introduction of a fortnightly review meeting for major applications has resulted in an improving trend in performance which is expected to continue into 2020/2021.
Percentage of Major Applications determined within agreed Extension of Time	HIGH IS GOOD	75.0%	80.0%	81.8%	-1.8%	NOT A SIGNIFICANT CHANGE
Percentage Remaining Planning Applications determined in 8 weeks	HIGH IS GOOD	75.0%	76.2%	67.8%	8.4%	This year saw a total of 749 Minor and Other Applications, of which 237 were subject to extension of time. Of the 512 applications subject to the government target of 8 weeks, 390 were determined within time.
Non Major Applications determined within agreed Extension of Time	HIGH IS GOOD	75.0%	84.4%	84.1%	0.3%	NOT A SIGNIFICANT CHANGE
Percentage of Planning appeals allowed	LOW IS GOOD	30.0%	25.6%	20.0%	5.6%	Continued good decision making by the LPA. There was 11 planning appeals, of which 3 was allowed. Over the course of the year, 26% of all appeals were allowed.
Planning Enforcement: Percentage of Initial Site Visits conducted within target time	HIGH IS GOOD	60%	77%	69.5%	7.6%	NOT A SIGNIFICANT CHANGE
Planning Enforcement: Cases being investigated including appeals	LOW IS GOOD	372	204	252	-48	Planning Enforcement cases under investigation have continued to perform above their target and having reviewed older, outstanding cases as part of a larger caseload review the next stage is to proceed with formal action, revive negotiations on some cases and focus on compliance with enforcement notices already served.
Housing Strategy						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Number of dwellings improved (occupied by vulnerable households)	HIGH IS GOOD	100	72	81	-9	NOT A SIGNIFICANT CHANGE
Homelessness						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Number of households in B & B/Nightly lets/HMO's (direct cost provision)	LOW IS GOOD	0	20	17	3	NOT A SIGNIFICANT CHANGE
Number of Homeless Preventions	HIGH IS GOOD	60		56		NO LONGER A REPORTED KPI
Environmental Health						
Description	Polarity	Year End Target	2019/20 Year End	2018/19 Year End	2019/20 Vs 2018/19	Commentary
Number of food businesses made safer (cumulative)	HIGH IS GOOD	100	258	266	-8	NOT A SIGNIFICANT CHANGE

7 Corporate Risk Register

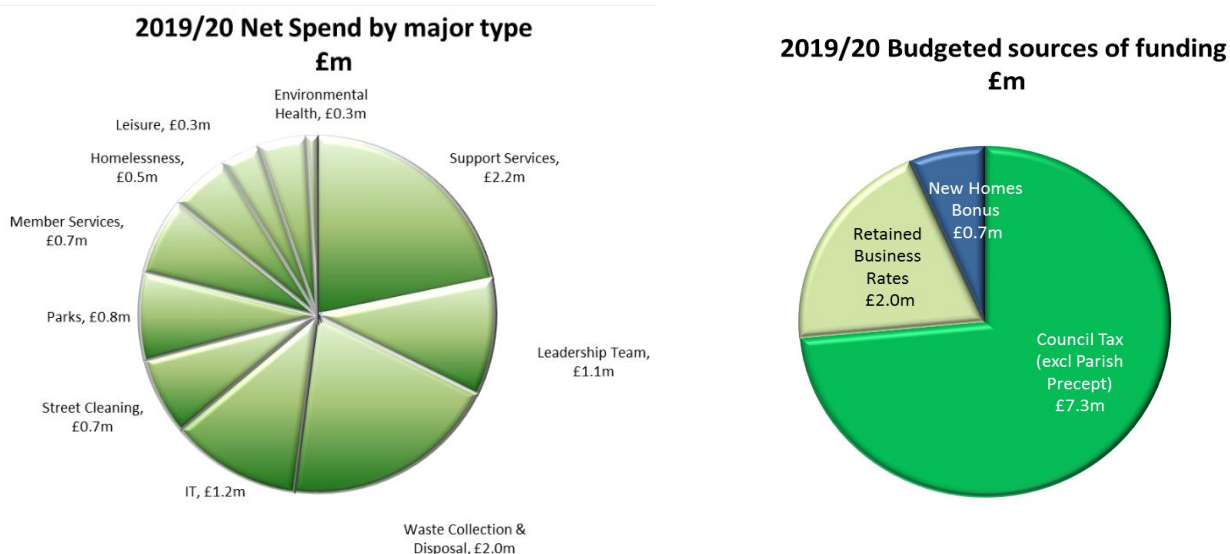
Corporate Risks	Potential Impacts												Residual Likelihood	Residual Impact	Residual Risk	
	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs / losses	Asset loss or damage	Contract breaches	Ineffective leadership				External Intervention
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 / liable.		✓	✓						✓	✓			✓	2	4	M
3b – There is a serious Health and Safety incident for which the Council is culpable / liable		✓	✓			✓			✓	✓			✓	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
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 ensure financial sustainability for the Council. This includes the requirement to set a balanced budget and Medium Term Financial Strategy (MTFS) to allow for the successful delivery of the Council's priorities as set out in its Business Plan, ensuring robust financial controls are in place to keep the budget on track in-year, and delivery of 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 its existing services or when procuring new services.		✓	✓	✓					✓		✓			2	3	M
13 – Failure to ensure good governance of the Council's activities and delivery of its priority outcomes.		✓					✓		✓	✓		✓	✓	2	3	M
14 – Failure to ensure Rochford's ICT Estate supports achievement of Business Objectives.		✓	✓	✓			✓	✓	✓		✓			4	3	M
15 – The Council fails to ensure compliance with the General Data Protection Regulations (GDPR) and is unable to demonstrate consistent application of information standards, controls, and statutory compliance.		✓					✓		✓					2	4	M

8 2019/20 Financial Summary

8.1 Revenue Position

A balanced budget was agreed for the provision of services in 2019/20, although this continued to be a challenging process due to funding constraints, compounded by inflationary pressures and an increasing demand for services. The impact of Covid 19 was not felt significantly in 2019/20, although car parking income reduced in March as the lockdown was introduced towards the end of that month.

Collection rates in 2019/20 remained high with the Council collecting 99.5% and 98.7% of the Business Rates and Council Tax due respectively for the year.



The Council set an original 2019/20 budget of £9.3m for its net cost of services, excluding a planned contribution to reserves funded from New Homes Bonus. There was with a final outturn position of £9.1m, which after transfers to/from reserves, gives an underspend of £0.1m as set out in the table below. The Expenditure and Funding Analysis table within the Statement of Accounts reconciles the management figures below to the accounting basis.

Portfolio	Original Budget 2019/20 £	Actual 2019/20 £	Variance Underspend/ (Overspend) £	Earmarked and pre-approved use of reserves £	Carry Forward into 2020/21 £	Underlying Variance £
Leader	2,990,031	2,857,318	132,713	(135,743)	16,093	252,364
Finance	1,328,650	1,218,514	110,136	(27,479)	118,220	19,395
Enterprise	(748,776)	(877,601)	128,825	(9,600)	28,990	109,435
Planning	403,800	370,429	33,371	(110,797)	50,119	94,050
Environment	2,918,500	2,814,993	103,507	(87,778)	27,379	163,905
IT & Communications	1,156,300	1,123,636	32,664	(88,515)	86,878	34,300
Community	1,444,545	1,593,259	(148,714)	(430,364)	265,818	15,831
Salary Saving	(200,000)	0	(200,000)	0	0	(200,000)
Total	9,293,050	9,100,549	192,501	(880,275)	593,497	489,280
Corporate transfer to reserve for fixed term leisure posts - approved at Q3				60,000		(60,000)
Corporate transfer to reserve for planning resource - approved at Q3				17,963		(17,963)
Corporate transfer to reserve for Connect project- approved at Q3				293,000		(293,000)
TOTAL	9,293,050	9,100,549	192,501	(519,312)	593,497	118,317

The main items that make up the favourable variance of £489,280 are:

Leader:

- Salary savings of £159,000
- Licensing income underachieved by £9,330 against the full year budget.
- Franking charges were £17,000 less than budgeted.
- There is a saving of c£26,500 on member allowance payments due to new rates agreed by Council at the start of the financial year.
- Apprentice costs were £10,700 higher than budgeted.
- There were savings of £7,800 within the Elections budgets due to lower than expected payments to canvassers
- Other smaller savings, individually less than £5,000, totalling £55,600.

Finance:

- Salary savings of £172,000
- Costs were c£63,000 more than anticipated due to added years contributions for historical employees being higher than budgeted for.
- £9,300 additional income achieved due to elections payroll work.
- Interest received from banking investments exceeded budget by £67,000 due to higher cash balances.
- £40,000 additional income was received from preceptors to support Council Tax Sharing Scheme initiatives across Essex.
- Housing Benefit Payments were £215,000 higher than budgeted for.
- Other various smaller underspends totalling £8,000.

Enterprise:

- Salary savings of £11,000
- An additional c£108,000 in car park income was received from fees, Penalty Charge Notices and season tickets.

Planning:

- Salary savings of £74,000
- Planning income is c£32,000 less than budgeted.

- Income from Building Control fees is c£46,000 higher than budget.
- Various smaller savings across Planning Policy totalling £6,500.

Environment:

- Salary savings of £51,000
- There has been a saving of c£110,650 on Materials Recycling Facility fees compared to budget due to variability in charges and tonnage.
- £5,000 additional income was received for recycling credits on textiles.
- Due to the business rates revaluation of the depot building, there was an increase of c£18,000 in rates payable.
- Income generated from columbarium, interments, monuments and grave purchases is higher than budget by c£5,400.
- There were smaller variances across the portfolio totalling £27,400 of underspends, including £12,000 on Highways.
- The support service costs recharged to Green Gateway were £21,400 less than budgeted based on actual time spent.
- £6,000 overspend on transport and plant in Parks and Open Spaces.

IT and Communications:

- Salary savings of £15,000
- £13,400 savings on licenses and support, and £5,200 saving on consultancy costs

Community:

- Salary pressures of £10,000
- £12,400 unbudgeted income was received for Disabled Facilities Grant related services plus £2,400 additional inspection income.
- The Private Housing Adaptation budget was £5,200 underspent.
- After accounting for in-year budget virements, the Homelessness budget underspent by £5,700 against incentive and prevention schemes and by £3,200 on management fees, partly offset by a £4,400 underachievement of income related to temporary accommodation.
- The Portfolio also recovered £5,000 of additional court case income and underspent by £5,000 against the air quality review budget.

8.2 Capital Position

Capital expenditure forms an important part of the Council's provision of services. In line with our revenue budget setting process, an original Capital Programme was agreed by Council in February 2019 to deliver projects that met the key priorities of the Council and to make best use of the available funding. This totalled £1.8m for 2019/20.

The final Capital Programme for 2019/20 totalling £3.2m included some additional projects that were approved during the year, as well as carry forward of budget for projects agreed in 2018/19. The following table shows the final budget and associated spend by project:

Scheme	2019/20	2019/20	Variance	Variance of which is	
	Final Budget	Outturn		Underspend	Carry Forward
	£	£	£		
ICT Software - new products/ upgrades	50,000	20,840	(29,160)		(29,160)
ICT Hardware - Mobile working, ipads etc	120,059	64,051	(56,008)		(56,008)
Telephony Network	50,000	0	(50,000)		(50,000)
Flat Bed Scanners	30,000	0	(30,000)		(30,000)
New Print Room Printer	20,000	0	(20,000)		(20,000)
Server Room Infrastructure	100,000	16,652	(83,348)		(83,348)
Caseload Software	25,000	0	(25,000)		(25,000)
IT Migration Project	147,873	102,603	(45,270)		(45,270)
Aim Upgrade	9,975	9,975	0		
Play Spaces (inc match funding)	465,480	186,686	(278,794)		(278,794)
Pavilion Refurbishments	235,114	25,970	(209,144)	(139,144)	(70,000)
Wheelie Bins	27,877	21,971	(5,906)		(5,906)
Vehicle Replacement Programme	130,000	0	(130,000)	(15,000)	(115,000)
Cemeteries	11,315	8,260	(3,055)		(3,055)
Parks and Open Spaces Programme	18,769	14,420	(4,349)		(4,349)
Condition Survey	4,175	0	(4,175)		(4,175)
Car Park Resurface Rolling Programme	67,050	29,472	(37,578)		(37,578)
Cherry Orchard Car Park Works	2,531	0	(2,531)		(2,531)
Air Quality Grant Expenditure	601,103	295,570	(305,533)		(305,533)
Electric Charging Points	12,000	0	(12,000)		(12,000)
Refurbishment of Public Conveniences	26,058	25,626	(432)	(432)	
S106 Exp Parks & Open Spaces	1,048	932	(116)	(116)	
Rochford Offices	106,197	34,099	(72,098)	(72,098)	
Rayleigh Offices	71,826	1,512	(70,314)	(70,314)	
Windmill	22,821	4,231	(18,590)	(13,590)	(5,000)
Health & Safety Adaptions	24,425	12,534	(11,891)	(11,891)	
Wallasea Island - Match Funding	50,000	12,921	(37,079)		(37,079)
Disabled Facilities Grants	717,281	207,044	(510,237)		(510,237)
Housing Renewal Grant	46,418	13,672	(32,746)		(32,746)
Homeless Solution - temporary accomodation	10,000	9,584	(416)		(416)
Voluntary Sector Grants	5,000	0	(5,000)		(5,000)
Capital Programme Total	3,209,395	1,118,626	(2,090,769)	(322,584)	(1,768,185)

Of the projects not fully completed in 2019/20 there is a request to carry forward budget of £1.8m to allow the completion of 2019/20 agreed projects in the 2020/21 financial year. Once agreed these ongoing projects will be added to the 2020/21 capital programme agreed by Members in the Medium-Term Financial Strategy in February 2020.

8.3 Going Concern Considerations and Reserves Position

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the 2019/20 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are revenue-raising bodies (with limits on their revenue-raising powers set at the discretion of central government). If an authority were in financial difficulty and unable to provide its essential functions, possible options of last resort are that alternative arrangements might be made by central government for the continuation of the services it provides, or for additional financial assistance/ flexibilities to be offered to enable the local authority to continue to operate e.g. to allow recovery of any deficit over more than one financial year

The current restrictions in place within the United Kingdom in response to Covid-19 have created significant issues for many businesses and residents. As a result since April 2020 the Council's income will have been affected detrimentally e.g. from lower collection rates for Council Tax/Business Rates and reduced revenue from fee charging services such as car parks, which are assumed to slowly return back to pre-Covid levels by the end of 2020/21. We recognise that there remains uncertainty over the longevity of the impacts and that this may affect our current financial assumptions, which will be kept under regular review;. The government has provided some grant support to Local Authorities to compensate them for this loss of income and for any additional costs incurred due to the crisis. The Council has received just over £0.9m million in this regard, with expected income losses/additional costs assumed to total c£1.25m in 2020/21 (of which the most material impact is car parking income losses), and further collection fund losses expected in future years. Any pressures that cannot be met through grant funding or in-year cost reductions will need to be met from General Fund reserves, which are detailed in the table below.

The Council will continue to face challenging financial times for the foreseeable future, with the impact of Covid 19 being compounded by ongoing pressures on local government funding, inflationary pressures and increasing demand; however we have carried out an assessment of the impact of Covid-19 on our future finances and are satisfied that there is no material uncertainty relating to going concern.

The Council has a credible track record of delivery of savings on which to weather such challenge and holds reserves and contingencies to help mitigate against risks and uncertainties such as Covid 19, as well as to support specific projects and grant funded work. 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.

There are three major categories of reserves – earmarked, carried forward budget and grant funding. It also holds an amount in its general balance which allows the Council to deal with unexpected events or costs at short notice. It is planned to maintain the General Balance at 10% of the Council's net revenue budget or c£1m.

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Earmarked Reserves	Opening balance 2019/20 £'s	Transferred Out £'s	Transferred In £'s	Opening balance 2020/21 £'s	Forecast Mov't In Year £'s	Estimated Closing Balance 2020/21 £'s
Devolution/Essex 2050	(71,290)	60,000	-	(11,290)		(11,290)
Thames Gateway Growth Contribution	(5,000)	-	-	(5,000)		(5,000)
Insurance Reserve	(33,364)	4,800	-	(28,564)		(28,564)
Internal Audit	(52,735)	-	-	(52,735)		(52,735)
Contractor Provision	(103,431)	82,225	(10,000)	(31,206)		(31,206)
IT Reserve	(243,184)	121,390	-	(121,794)	45,270	(76,524)
Transformation	(343,796)	125,726	(60,000)	(278,070)	(387,847)	(665,917)
Pension	(1,592,158)	63,000	-	(1,529,158)	815,914	(713,244)
Legal	(320,676)	13,600	-	(307,076)		(307,076)
Contamination	(10,000)	-	-	(10,000)		(10,000)
Elections	(74,165)	17,150	-	(57,015)		(57,015)
Housing Reserve	(274,068)	35,000	-	(239,068)		(239,068)
Hard / Soft Infrastructure	(2,914,224)	243,976	-	(2,670,249)	1,498,654	(1,171,595)
Business Rates Smoothing Reserve	(970,612)	600,410	(894,971)	(1,265,173)		(1,265,173)
Investment Fund	(200,000)	81,686	(912,801)	(1,031,115)	219,479	(811,636)
Connect Project	-	-	(293,000)	(293,000)	293,000	-
Total Earmarked Reserve	(7,208,703)	1,448,963	(2,170,772)	(7,930,513)	2,484,470	(5,446,043)
Carry Forwards from 2019/20						
Corporate	(1,147,934)	162,419	(145,256)	(1,130,770)	622,855	(507,915)
Project	(16,377)	-	(14,015)	(30,392)	30,392	0
IT	(11,213)	69,728	(92,578)	(34,064)	34,064	0
Housing	(2,500)	2,500	-	-	-	-
Total Carry forward	(1,178,024)	234,647	(251,849)	(1,195,226)	687,311	(507,915)
Grant Funded / Ring Fenced Reserve						
Corporate	(64,193)	18,140	(10,393)	(56,446)		(56,446)
Project	(746,862)	353,431	(74,509)	(467,940)	85,000	(382,940)
Housing	(354,496)	73,421	(274,709)	(555,785)	(161,691)	(717,476)
Total Grant Funded Reserve	(1,165,552)	444,991	(359,610)	(1,080,171)	(76,691)	(1,156,862)
Grand Total	(9,552,279)	2,128,601	(2,782,231)	(10,205,910)	3,095,090	(7,110,820)

8.4 Cashflow position

The Council does not currently 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 to the Review Committee throughout the year.

8.5 Pension Liability

The Council participates in the Local Government Pension Scheme (LGPS) which is administered by the Essex Pension Fund. The majority of Rochford District Council staff participate in the scheme. The net estimated pension liability for Rochford District Council is £25.9m as at 31st March 2020 compared with £29.0m as at 31st March 2019. Estimation of this liability is based on a number of actuarial assumptions including the discount rate used

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and projections of future salary increases, retirement age, longevity, interest rates, inflation as well as the expected returns on assets.

A firm of actuaries is engaged by the Essex Pension Fund, who carry out a full valuation every three years. The last valuation was carried out as at 31st March 2019.

8.6 Write Offs and Arrears

In 2019/20 the following amounts were written off compared to 2018/19

Amounts Written Off	2018/19 £	2019/20 £
Council Tax	28,423	12,903
Business Rates	19,884	19,130
Housing Benefits	24,814	35,584

As at 31st March 2020 the level of arrears has changed from the previous year as follows:

Total Arrears	2018/19 £	2019/20 £
Council Tax	1,855,916	1,899,418
Business Rates	269,525	362,429
Housing Benefits	1,585,435	1,529,092

Please note that 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.

8.7 Interest in Subsidiaries

Green Gateway Trading Ltd (GGT) is a wholly owned subsidiary of the Council which was incorporated on 1st September 2016 and commenced trading in December 2016, providing grounds maintenance services. The company has successfully generated a small net profit after tax of £3,603 in 2019/20 (note these accounts are still subject to a separate external audit) as well as realising a significant cost saving for the Council in the contracted delivery of services.

It is assumed that any surplus generated in the medium term will be reinvested in the company to support future growth. The Council as sole shareholder is therefore not currently anticipating any realisation of profit via dividend payouts in its budget. More details on GGT's financial position are provided within the Statement of Accounts and its financial statements have been consolidated into the Group Financial Statements on a line by line basis, after eliminating inter-company transactions.

9 Looking Ahead

When the 2020/21 budget was agreed by Council in February 2020 it was acknowledged that the future financial position that Rochford District Council faced remained extremely challenging with a projected difference between funding available and the expenditure of the

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organisation of around £1.2m by 2024/25, The forecast funding gap was due to a combination of:

- Uncertainty over future funding levels, pending the Comprehensive Spending Review, Fair Funding Review and Business Rates Retention reset by central government
- Growth in services through demographic changes and increased service need
- Increasing inflationary pressures (such as the National Living Wage).

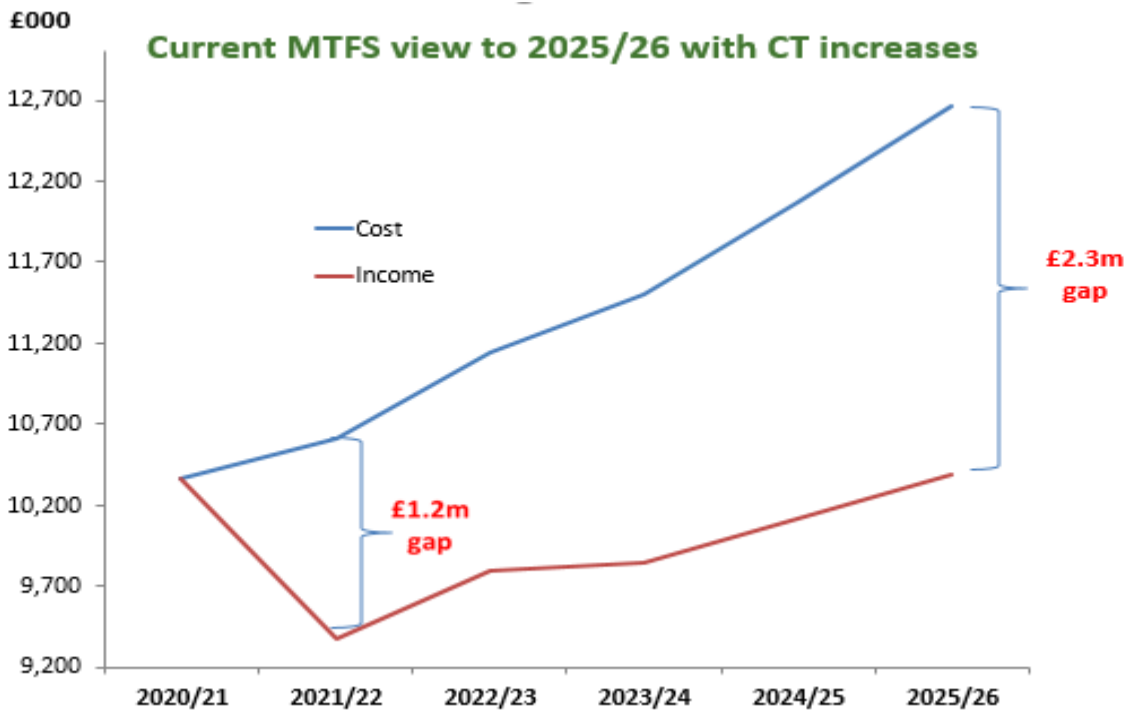
Since agreeing the budget and MTFS position in February 2020, the potential impacts of the Covid 19 pandemic on the Council's financial outlook have resulted in a need to revisit these projections.

At the time of writing this report the Council's best estimates as to likely additional cost pressures/income losses arising in 2020/21 is £1.25m, of which £0.9m will be mitigated through RDCs share of the national £3.2bn grant allocation from central government, with some additional grant expected from the recently announced £500m national pot and the commitment to meet some income losses. The remaining pressure will sought to be mitigated through cost control measures as far as possible, with any residual loss having to be met through the Council's General Balance or reserves.

The revised gap in 2021/22 takes into account the expectation that the Fair Funding Review and Business Rates Retention Review will be postponed until 2022/23, with the corresponding expected reduction in funding of £0.6m also delayed until that year, therefore it is assumed the current settlement will roll forward for another year in 2021/22. The expectation of a higher settlement in 2021/22 is offset by an expected reduction in Council Tax and Business Rate income in 2021/22 due to a reduction in collection rates and an expected reduction in the overall business rates base, assumed to be 5% in 2021/22.

The impact on the Medium Term Financial Strategy will be subject to further review/refinement over the coming months, but it is currently estimated the gap could increase from £0.7m to £1.2m in 2021/22 and rise to £2.3m by 2025/26. Figures which have changed since the MTFS was reported to Council in February 2020 are shown in red below.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Baseline Costs	9,293	9,792	10,354	10,922	11,496	12,076
Inflationary pressures - major contracts	252	254	257	259	262	265
Staffing pressures - cost of living/incremental growth	206	308	311	314	317	321
Other growth items	91					
Covid Pressures/income losses	1,245					
Net Ongoing Expenditure	11,087	10,354	10,922	11,496	12,076	12,661
Transfer to/(from) General Fund Balance	(324)					
Contribution to reserves from New Homes Bonus	498	263	217	-	-	-
Net Total Expenditure	11,261	10,617	11,139	11,496	12,076	12,661
Retained Business Rates incl Section 31 Grants	(2,337)	(2,221)	(2,243)	(2,265)	(2,288)	(2,311)
Potential Reduction in Retained NDR income under new Fair Funding allocations		-	630	630	630	630
NDR Collection Fund (Surplus)/Deficit	5	563				
Covid Grant	(902)					
New Homes Bonus	(498)	(263)	(217)	-	-	-
CT Collection Fund (Surplus)/Deficit	(18)	284	-	-	-	-
Rochford's Element of Council Tax Requirement (Indicative) WITH 2% CT RISE	(7,511)	(7,737)	(7,970)	(8,210)	(8,457)	(8,712)
Funding Available £000's	(11,261)	(9,374)	(9,800)	(9,845)	(10,115)	(10,393)
GAP	(0)	1,243	1,339	1,651	1,961	2,268



Rochford District Council is undertaking a programme of work to identify savings concepts which will help address this projected gap, but the situation remains very challenging. The Council therefore needs to continue with its transformation ambition set out in its Business Plan.

The Council has set out its intention to deliver an Asset Delivery Programme which will consider how the Council’s key strategic sites can deliver the objectives set out in its Asset Strategy. The preferred option is consolidation of the Council operations at the Freight House; it is estimated at the Final Business Case (FBC) stage that this option would have a net capital funding requirement of £1.5m; however this is still subject to change as the contract is finalised.

10 Statement of Accounts

The Council is required by statute to prepare a Statement of Accounts in accordance with proper practices in relation to accounts, defined to include the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (i.e. the CIPFA Code).

The Statement of Accounts for 2019/20 is presented on the Rochford District Council website. An audited version can be requested from August from the Finance team at RDC.

The key aim of the Statement of Accounts is to provide a ‘true and fair’ view of the Council’s financial position on 31st March 2020 and of its income and expenditure for the 2019/20 financial year.

The Statement of Accounts forms an essential part of public accountability, reporting on the Council’s use of funds raised from the public and provided by central government and confirming the availability of balances and reserves for future use.

The presentation of the Statement of Accounts is largely defined by the CIPFA Code and other proper practices. Whilst this results in a common pattern of presentation across local authorities, it does mean that the presentation within the Statement of Accounts differs from the basis on which the Council takes operational financial decisions and the format in which it monitors its financial performance during the year.

The Statement of Accounts is centred upon the Financial Statements, with other information provided to aid interpretation and add further context on the financial performance of the Council during 2019/20.

The main Financial Statements are comprised of:

- **Comprehensive Income and Expenditure Statement** which presents information on resources generated and consumed during the year, based on generally accepted accounting practice.
- **Balance Sheet** which summarises the financial position of the Council at 31st March 2020 including the net assets it has available after settling its liabilities, and its reserves; and
- **Movement in Reserves Statement** which presents the financial resources available to the Council to support future service delivery and cope with unexpected events;
- **Cash Flow Statement** which shows the changes in cash and cash equivalents during 2019/20.

In addition to the main statements there are a number of supporting notes setting out more detail, including an **Expenditure and Funding Analysis** that shows how the Comprehensive Income and Expenditure Statement compares to the financial position reported in the Council's management accounts.

11 Annual Governance Statement

Rochford District 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 1999 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.

To meet this overall responsibility the Council has 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

The Chief Audit Executive provides assurance that the controls within the key financial systems remain adequately designed and operating satisfactorily. Similarly, that the arrangements to request, receive and act upon officers and members declarations of interest and gifts and hospitality are designed adequately and operating satisfactorily.

The full 2019/20 Annual Governance Statement is included within this Annual Financial Report and will be subject to review until the audit of the financial statements is complete.

12 Conclusion

Through careful management and fiduciary care, Rochford District Council has been able to close its 2019/20 accounts showing a robust position, which will support the Council in meeting the financial challenges of 2020/21 and beyond, including the impact of Covid 19. The MTFS projections indicate a significant gap between the Council's expected funding streams and its planned expenditure; therefore, it is essential that the Council continues with its drive to transform itself to ensure it remains financially sustainable.

The draft Statement of Accounts presented on the Rochford District Council website is unaudited and may therefore be subject to change during the audit period. The final audited Statement of Accounts will be presented to Audit Committee for approval prior to publication.



Naomi Lucas

AD Resources (Section 151 Officer)

ROCHFORD DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT
2019/20

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1. CORPORATE GOVERNANCE

Rochford District Council has a duty to conduct at least an annual review of the effectiveness of its governance arrangements.

Under the umbrella of Corporate Governance, the Council is responsible for ensuring that its business, including wholly owned subsidiary companies, is conducted

- in accordance with the law and proper standards,
- that public money is safeguarded, is properly accounted for
- and is used economically, efficiently, and effectively.

The Council also has a legal duty to arrange to continually review and improve the way in which its functions are carried out, while at the same time providing value for money and an effective and efficient service for its residents. The Council is also responsible for maintaining and reviewing a sound system of internal control.

The system of internal control is a significant part of governance and is designed to manage risks to the Council 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.

In 2017 the Council approved and adopted a local code of corporate governance (The Code) which is consistent with the seven principles of good governance set out in the Chartered Institute of Public Finance and Accounting and Society of Local Authority Chief Executives (CIPFA / SOLACE) "Delivering Good Governance in Local Government Framework 2016".

The framework for Rochford District Council comprises a wide range of systems, policies, procedures, culture and values by which it is directed and controlled and the methods by which it accounts to, engages with, and leads the community [[view here](#)].

This Annual Governance Statement (AGS or The Statement) summarises the outcome of our review as to how Council has complied with The Code during 2019/20 and meets the requirements of regulation 6(1) (b) of the Accounts and Audit Regulations 2015 on the completion of an AGS. This covers the financial year 2019/20 (but extends to cover the period to the signing of the Statements of Accounts for 2019/20). It identifies areas where the Council exhibits assurance in its arrangements and areas where focus is required to improve such arrangements

It should be noted that the governance of the Council's wholly owned companies under the Green Gateway umbrella do not directly fall under the remit of this Statement; however high-level assurances have been sought on the appropriateness of the arrangements for these companies given their close relationship to the Council. There is a parent company, Green Gateway Trading Ltd. Green Gateway Trading (Development) Ltd, was set up as part of proposals to develop the Council's assets. This company is currently recorded as "Dormant" at Companies' House. Green Gateway Trading (GM) Ltd is a fully functioning company carrying out ground maintenance work for the Council and other organisations under contract. All three of these companies are properly constituted, have a financial auditor appointed and all relevant documentation has been submitted as required at Companies' House. The Council's finance team is contracted to provide day to day financial services to the Company.

During the year the contract management arrangements, by the Place & Environment Directorate, of the grounds' maintenance contract was reviewed and whilst not specifically a review of the governance of Green Gateway Trading (GM) Ltd there was assurance that many relevant requirements were being addressed.

2. HOW HAS THIS STATEMENT BEEN PREPARED?

This Statement is set out in line with the seven core principles detailed within the Local Code of Corporate Governance. The principles are;

- **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- **Principle B: Ensuring openness and comprehensive stakeholder engagement**
- **Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**
- **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**
- **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- **Principle F: Managing risks and performance through robust internal control and strong public financial management**
- **Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Key elements of governance are subject to continuous review by the

- Audit and Review Committees,
- Member Portfolio Holders
- the Leadership Team of directors and assistant directors,
- External Audit
- Internal Audit
- and other Members and Officers as required.

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 auditor are considered in producing this Statement.

The process of corporate risk management has an annual review of the Corporate Risk Framework and Corporate Risk Register, which is reported to the Audit Committee, with a rolling review of specific corporate risks with updates reported twice each year to that Committee.

The Coronavirus Pandemic of 2020 has had a considerable impact on the governance of the Council. Every effort was made to maintain a business as usual approach and to maintain the delivery of key services to residents. The only service that closed down

completely was provision of leisure centres, which was mandatory under the restrictions. Due to the required lockdown measures the formal decision-making process of Council and committees was temporarily suspended until the law was changed to allow councils to meet remotely using telephone and other digital media. This was introduced in May 2020 for all formal council meetings using the Managing Director's emergency powers provided in the Constitution.

The majority of staff were required to work from home if possible, facilitated by the migration to Cloud Services and a roll-out of portable ICT equipment to Members and officers in 2019. A survey of all staff reflected that overall, this has been proven to have worked effectively. Those staff who had to work in the Council's offices did so under strict protocols which ensured compliance with Government guidance. These staff were predominantly engaged in manual processes for which the Council currently has no digital solution. Whether such solutions can be found in the future is within the scope of the Council's Connect Programme.

Procedures were set up to process Government mandated financial relief provided to businesses, and workloads increased, such as processing grants for business, council tax support, hardship payments and housing needs, to assist residents that were impacted financially due to loss or reduction of income. Regular communications, through the website and the usual communications channels including social media, were issued for residents and other stakeholders to keep them advised of developments and services or assistance that may be available. Collaborative working was established with local faith groups and volunteer organisations to form the Rochford District Community Response Hub as a response to Government requirements to assist the most vulnerable residents with no other support networks.

The impact of the pandemic will continue to be felt going forward into 2020/21 from both a financial and operational perspective

Whilst a number of assurances have been obtained to support the overall conclusion set out in this statement, it is important that the following specific assurances are considered:

Chief Finance Officer (Section 151)

The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that the Council's arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns for the 2019/20 financial year, but noting the significant

financial risks that Covid 19 places on the Council going forward which will require careful monitoring and the agreement of robust mitigation plans for 2020/21 and within the MTFS.

Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989. These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report for 2019/20

Chief Audit Executive

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Chief Audit Executive (CAE) for the Council is required to provide an opinion on the overall adequacy and effectiveness of the Council's risk management, control, counter fraud and governance processes.

The CAE 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 2019/20 and other sources of assurance, the CAE can provide adequate assurance that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2020, 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 opinion does not imply that Internal Audit has reviewed and commented on all other 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.

From work in supporting the compilation of the Statement it is considered that the approach taken in responding to the Covid-19 pandemic was appropriate and relevant to maintain a high level of service with a good level of communication to all stakeholders.

Internal Audit's work in relation to Information and Communications Technology (ICT) during 2019/20 was based on security, access, and resilience. Such work was non-technical and has relied on physical records and discussion with relevant staff. Significant progress has been made in migrating the Council's ICT systems to the Cloud or managed service environments, which is considered to be more secure than the original structure. There were no significant issues identified in respect of security and access controls.

Resilience, in respect of the Council's in-house ICT infrastructure, required addressing in 2019/20, due to known issues in the in-house ICT infrastructure that came to light in 2018. A detailed survey was carried out during 2019/20 that highlighted several areas to be addressed. The planned work, which would have significantly improved resilience, was postponed due to Covid-19 restrictions, and will be prioritised for completion when restrictions are eased

The CAE's Annual Report for 2019/20 refers to the fact that one audit engagement undertaken in 2019/20 received a "Limited" assurance opinion based on outcomes at the time of testing.

- Sundry Debt Management
 - Ineffective control over creation of periodic invoices
 - Ineffective monitoring of outstanding invoices and management of follow-up action
 - Ineffective control over credit balances that have arisen on debtor accounts

Action plans for improving control or revising procedures were agreed and will be followed up within the Annual Audit Plan for 2020/21.

A conclusion of "limited" assurance was given following testing of a sample of orders as part of a review of Procurement compliance in 2020/21. Reminders have been issued to staff involved in raising orders for goods and services and a follow-up review will be carried out late in 2020/21.

HOW HAS THE COUNCIL PERFORMED?

Details of levels of compliance with The Code are shown in the tables in **Section 3** and are in the same structure as The Code. Many of the matters listed may fit into more than one principle or sub-principle.

Many of the key governance mechanisms have been in place for some time and this Statement, therefore, describes them, together with key changes and developments within the Council's governance framework during 2019/20 and up to the date of approval of the Annual Financial Report for that year.

Much progress has been made in dealing with the significant governance issues identified in the Statement for 2018/19 and this progress is detailed in **Section 4** below.

Matters that remain outstanding from 2018/19 and significant issues that could impact on future governance identified during 2019/20, for action in 2020/21, are detailed in **Section 5**.

3 COMPLIANCE WITH THE SEVEN PRINCIPLES

Core Principle	Sub-Principle
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Behaving with integrity <ul style="list-style-type: none"> • Members and officers are expected to act in line with the Seven Principles of Public Life. • Member and Officer Codes of Conduct are published within the Constitution • Roles of Members and Officers are detailed within the Constitution, in particular those with statutory responsibilities. • Members and officers follow an induction process when joining the Council • The Council's Constitution will be reviewed to ensure that it is up to date legally; to improve usability and comprehension and to maintain relevance to changing circumstances e.g. the continued use of digital media for some remote meetings • Register of Interests, Gifts and Hospitality procedures for Members and Officers are in place. This aspect was reviewed in Internal Audit work in 2019/20.
	Demonstrating strong commitment to ethical values <ul style="list-style-type: none"> • Standards Committee with Parish representation and independent members re-appointed February 2020.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Member Declarations of Interest are completed upon election and are published on the Council's Website. • Members are required to declare any interests at Council or Committees attended, where there could be an actual or perceived conflict of interests • A Corporate Inclusion and Equality Policy 2018-21 was adopted in 2018 • Equality & Diversity Impact Assessments are required considerations in reports to Council or Committees where decisions are required. • A Values Based Recruitment Policy with associated procedures for officers was launched in January 2018 and was used for recruitment throughout 2019/20 • There is an explicit expectation that contractors, working on behalf of the Council, will adhere to standards of the Council in areas of Health & Safety and Safeguarding etc. • There is a whistleblowing policy in place that enables concerns to be raised. This was updated in June 2019. This aspect was reviewed in Internal Audit work in 2019/20. • There is a grievance policy in place which allows staff to raise work-related issues not covered under whistleblowing arrangements. • There is a complaints / compliments procedure in place so that residents may provide relevant feedback to the Council. These have a set deadline for response / resolution by the Council. • There are effective safeguarding procedures, supported by a comprehensive Safeguarding Policy • During the year there was a survey for the Essex Safeguarding Adult Board that was open to voluntary participation by all staff. The Council had the highest response rate across Essex councils and the responses evidenced a high level of engagement and understanding of safeguarding requirements. • Following training for several officers the Council is recognised as a Hate Crime Reporting Centre since 2018/19 • A revised Council Corporate Debt Policy and Procedures were agreed in 2019/20, which included revisions to the process such as better consideration of ability to pay when deciding a course of action and signposting to debt assistance organisations such as Citizen's Advice Bureau where appropriate. • The People and Communities Directorate published an enforcement policy, significantly based on environmental health, that explains to those affected by the Council's regulatory activities what to

Core Principle	Sub-Principle
	<p>expect in respect to its approach to dealing with non-compliance. This includes the publication of a matrix to calculate civil penalties that provides a clear framework for officers to use, ensuring proportionality and consistency in their application.</p> <p>Respecting the rule of law</p> <ul style="list-style-type: none"> • An Anti-fraud and Corruption policy is in place demonstrating a zero-tolerance approach to fraud carried out against the Council. (This requires an update, which is underway, but is considered generally fit for purpose). This is supported by the Whistleblowing Policy referred above • A Disciplinary Policy (last reviewed 2019) is in place to deal with officer related matters • Procedures are in place to deal with data breaches under the General Data Protection Regulations (GDPR) that came into force in 2018. This aspect was reviewed in internal Audit work in 2019/20. • Procedures are in place for other regulatory reports to be made e.g. health & safety requirements. This aspect was reviewed in internal Audit work in 2019/20. • A clause contained in commercial contracts permits termination of the contract if cases of bribery and corruption, by the contractor, are identified. • The Constitution provides legal guidance and responsibilities of Members and Officers

Core Principle	Sub-Principle
<p>Principle B: Ensuring openness and comprehensive stakeholder engagement</p>	<p>Openness</p> <ul style="list-style-type: none"> • The Business Plan 2016-2020 was in place during 2019/20. • During the year Council resolved that the opportunity for questions to be raised by non-Executive Members at meetings of The Executive be introduced. • Greater use of reports to Council or Committees that are not wholly regarded as confidential than in prior years. Where necessary exempt appendices are used for information that cannot, at the time, be in the public domain. • Reports and Minutes of Council and Committees are available on the Council’s website via the Committee Management Information System (CMIS) • To comply with social distancing measures under Covid-19 restrictions Council meetings and committees were initially suspended. In line with changed legislation, measures were taken to

Core Principle	Sub-Principle
	<p>enable on-line, virtual meetings to restore the Member decision-making process, and these commenced in May 2020.</p> <ul style="list-style-type: none"> • Guide to Information – Publications Scheme available on the Council's website • There is a wide range of policies and procedures available for public scrutiny on the Council's website • Publication of policies and procedures that provide a wide range of information to residents / stakeholders in respect of recovery and enforcement. (See Principle A) • Effective procedures are in place to respond to Freedom of Information requests or Data Subject requests under the GDPR. GDPR administration was included in Internal Audit work during 2019/20. • There have been a series of staff events and workshops relating to the Asset Development Programme and the Connect Project, to actively engage officers in these key upcoming projects (See Section C).
	<p>Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none"> • Active participation in Castle Point & Rochford Local Strategic Partnership (CP&RLSP) with key stakeholders such as the local Clinical Commissioning Group, Police etc. and other key related partnerships such as Community Safety and Health Partnerships. • Creation of the Rochford District Community Response Hub with faith groups, charity groups and volunteers during the pandemic lockdown to provide guidance and services to vulnerable residents
	<p>Engaging with individual citizens and service users effectively</p> <ul style="list-style-type: none"> • Guidance is available to Officers on how to create a consultation although there is no overarching policy of when consultations should be considered, apart from those with statutory requirements. • An annual budget survey is carried out and the results are analysed and reported in the council's Budget Report to inform the Medium-Term Financial Strategy (MTFS). In 2019/20 there were responses from 222 residents for the budget survey included in the MTFS for 2020/21 – 2024/25. This was publicised through a number of channels including social media platforms. • The Government launched a new scheme to provide grants to businesses in late March 2019/20 in response to the Covid 19 pandemic. This scheme has been administered by the Council for the Rochford district area, with the first grants being paid to businesses from 1 April 2020. This scheme has been widely publicised via a number of channels including the Council's daily communications

Core Principle	Sub-Principle
	<p>updates / press releases as well as through social media channels in order to maximise take-up by businesses</p> <ul style="list-style-type: none"> • In addition the Council has engaged widely with residents and businesses during the Covid 19 restrictions via the website, social media, email, and phone communications to make them aware of the support and advice the Council can offer, in particular relating to Council Tax and Business Rates. These updates were provided daily until mid-May when they were reduced to two per week. • Individual web pages were updated during this period to inform about what services were being provided, changes in established operations and what was available to support residents and businesses through the restrictions. • Active “Have Your Say” group that provides feedback on general or specific Council activities with feedback provided to the group in response. • Consultation with residents in respect of planning applications in line with statutory requirements. • Complaints and Compliments procedures available by telephone, writing or online • The Council’s website had 1.1m page views during 2019 with 228K unique visitors. • There was a greater use of various strands of social media during the year for providing information to and engagement with residents. These include eight Twitter accounts, five Facebook pages and an Instagram page. The Corporate Twitter page has 5k followers, Corporate Facebook has 3k likes and Instagram 500 followers. • There are approximately 11k unique subscribers to the different “Tell me more” bulletins. • The Economic Development Team have 1,500 subscribers to the Business “Tell me more” bulletins and nearly 800 followers on the Business Twitter account • Two Business Breakfast events were held during the year with over 100 business or community representatives attending. • A Social Media policy in respect of the use of social media for engaging with residents and other stakeholders was launched for officers in February 2020. This was subject to Internal Audit review during 2019/20. • During 2019/20 the Local Government Ombudsman investigated six complaints from residents. In all cases the Ombudsman supported the approach that the Council had taken, based on published policies and procedures.

Core Principle	Sub-Principle
<p>Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>Defining outcomes</p> <ul style="list-style-type: none"> • The Council welcomed a peer challenge by the Local Government Association during the year that considered a range of issues facing the Council and its arrangements for meeting those issues, including its vision, leadership, governance, financial planning, and capacity. Recommendations were raised to support the Council and an action plan for addressing these is in place and is being delivered against. • The Council Business Plan 2016-20 was in place during 2019/20. • A revised Business Plan 2020-2023 was approved by Council 11/2/2020, which details priorities and desired outcomes through this period. • A 5-year rolling MTFS is refreshed annually and approved by Full Council. The MTFS for 2020/21 to 2024/25 was approved at Extraordinary Council on 11/2/2020 which sets out the longer-term financial projections for the Council, including the likely budget gap in future years and the savings requirement that will need to be found. • The detailed annual budget and Council Tax setting report is approved annually by Council which sets out plans to achieve a balanced budget in-year. The budget for 2020/21 was approved at Extraordinary Council 11/2/2020 and the Council Tax precepts at Council 18/2/2020. • Active participation in the CP&RSLP, involving public and private sector partners • The financial implications of the Covid-19 pandemic will be closely monitored and reported upon. • The Asset Development Programme was further developed during 2019/20. A report from the Investment Board to Council was approved on May 19th. This sought approval of the detailed procurement process, approval of the preferred bidder, approval of the final business case and approved delegation of the authority to carry out negotiations with the preferred bidder to the Assistant Director, Assets & Commercial, subject to final Council approval. • A review of the Housing Options service was completed by the East of England LGA (EELGA) in 2018/19 with a positive endorsement of proposed preventative and relief work in anticipation of the Homeless Reduction Act being enacted. Several recommendations were made, and these were incorporated into the Housing and Homeless Strategy, which was revised in November 2019, with an ongoing action plan to improve the service further. This strategy has been positively reviewed by the Ministry of Housing, Communities and Local Government (MHCLG). The Work of the Housing Allocations role of the Housing Options Team was reviewed by Internal Audit during 2019/20.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • The Housing Options Team have made effective use of schemes with housing associations and placements in houses of multiple occupation (HMO). This has significantly driven down use of bed & breakfast as temporary accommodation and, with another HMO which came online early in 2020/21, this has provided more suitable temporary accommodation for residents in need, in a cost-effective manner. • The Council is in full control of the residential part of the old Kings Head site, following on from a lease signed in May 2019. The Housing Options Team manage the 11 bed HMO jointly with a management company. The movement of clients into these new premises started during the current pandemic period and has enabled those clients with priority needs being accommodated in the district. • The Council facilitates the processing of Well Homes Financial Assistance Grants which enables residents to adapt their properties in order to allow them to remain living in them. This function was reviewed by Internal Audit during 2019/20. • During the year, the Council has actively facilitated and participated the “Open Doors” project in conjunction with the “Meanwhile Foundation” in providing community-orientated services and activities at the former derelict “King’s Head” site in Rochford • The Council plays an active part of the Association of South Essex Local Authorities and, jointly, these authorities are working to prepare the South Essex Plan (a joint strategic plan). The aim is to plan across South Essex to bring growth and prosperity to the area through sustainable economic and housing growth. • Taking account of the emerging strategic policy framework for South Essex, the Council is preparing a Local Plan to articulate the emerging strategic policies and to promote specific local policies and proposals that reflect the needs of the district’s population for growth that will bring sustainable economic, social and environmental benefits. • As part of the Councils ‘Connect’ Project the Council is developing a continuous programme of Cultural and Transformational change across the Council, to maximise performance and service delivery by exploring new ways of working. The approach was presented to Executive on 5/2/20 and Review Committee on 3/3/20 • A review was carried out by the Planning Advisory Service over the performance of the delivery of planning decisions by the Development Management Team. Recommendations were made to assist in improvements in this area and an action plan has been agreed with the Portfolio Holder.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> A detailed, project-based procurement exercise is underway to re-tender the waste and recycling contracts with a view to awarding contracts by March 2021
	<p>Sustainable economic, social, and environmental benefits</p> <ul style="list-style-type: none"> The Council's decision-making process requires consideration of the economic, social, and environmental impacts of policies and plans when taking decisions about service provision. The MTFs identifies efficiency savings across the Council in a systematic and considered manner.

Core Principle	Sub-Principle
<p>Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>Determining interventions</p> <ul style="list-style-type: none"> Key reports are provided to The Executive and the Investment Board to inform the decision-making process The role of the Project Management Office (PMO) was revised in 2019/20, with new project scoping and monitoring processes. The terms of reference of the PMO were also updated to provide support to project managers. Public consultations, both statutory and discretionary, are used as appropriate with feedback reported in the decision-making process Engagement in CP&RLSP
	<p>Planning interventions</p> <ul style="list-style-type: none"> A reporting process for progression of projects has been developed by the PMO. An effective monthly budget monitoring process is in place to support Assistant Directors Financial information and key performance indicators are reported to Members (The Executive) on a regular basis Active Review Committee carrying out overview and scrutiny functions for the Council Audit Committee with responsibility for risk and internal controls
	<p>Optimising achievement of intended outcomes</p> <ul style="list-style-type: none"> Linkage between Council's priorities and MTFs (Principle C) The Council's decision-making process requires consideration of the economic, social, and environmental impacts of policies and plans when taking decisions about service provision.

Core Principle	Sub-Principle
<p>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Developing the entity's capacity</p> <ul style="list-style-type: none"> • Ongoing work on Asset Strategy and Asset Delivery Programme to make best use of resources in an effective and efficient manner • Use of external contractors to deliver priority services • Contracted use of expertise from other local authorities e.g. Chief Audit Executive during 2019/20 • Recruiting a full-time Head of Finance / S151 Officer during 2019/20 • Use of specialist expertise in CP&RSLP • Contract Procedure Rules are in the course of revision to bring them up to date and to maximise a value for money approach to procurement • The IT Section re-acted quickly to the Covid-19 Lockdown working from Home directive and was able to move the Council from office-based to working from home at short notice. This has proven to have been a successful transition due to the migration to Azure and cloud manage service provision and a rollout of laptops and other devices during the latter part of 2019 and early 2020.
	<p>Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none"> • Member training programme including mandatory training for planning decisions, premises licensing and taxi appeals • Roles and responsibilities are detailed in the Constitution, including Codes of Conduct • Ad hoc training as required e.g. on implementation stages of GDPR and procurement. • Member and Officer induction procedures are in place • Those in professional roles undertake Continuous Professional Development in line with their training requirements. • The People Plan (Organisational Development Plan) will be updated during 2020/21 to support the roll out of the Connect transformation programme. • Support is in place for Officers to attend relevant training where appropriate • Appraisal procedures, including regular 1 to 1 meetings, were in place during 2019/20 for Officers of all levels with individual objectives linked to service plans, corporate objectives, and corporate values. • A series of short presentations was trialled during 2019/20 where some service areas explained their roles to small groups of staff to widen understanding of those roles.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Some services also held open days for staff and Members. • There are regular Intranet blogs by directors and assistant directors to keep staff updated about ongoing issues and projects • Approximately 50% of the staff attended Change Workshops to help them prepare for the transformation of the Council • During 2019/20 the Council also ran several Connect events for all staff to showcase the plans for transformation • There is a pro-active “Live Well” group promoting physical and mental health activities for staff as part of the “Active Essex” initiative

Core Principle	Sub-Principle
<p>Principle F: Managing risks and performance through robust internal control and strong public financial management</p>	<p>Managing risk</p> <ul style="list-style-type: none"> • A risk management framework is in place that is renewed annually and approved by Audit Committee. This was last approved in May 2019. • The Corporate Risk Register (CRR) is subject to a rolling review of risks by the Leadership Team to ensure that they are appropriate and relevant. The update of the CRR is reported to the Audit Committee half-yearly and for 2019/20 this was actioned at the May and November meetings. The review for May 2020 was deferred to July due to Covid-19 restrictions. • Following on from the 2018/19 strategic review of the Council’s approach to risk management, 2019/20 focussed on implementing the resulting action plan, with staff undertaking mandatory refresher training, a revision to the format of risk reports to Leadership Team and the Leadership Team implementing a regular business review meeting with risk as an agenda item. Work also began on a revision to the data capture and analysis of risk, due for formal roll out in 2020/2021. • A set of contract risk registers for medium to high risk contracts was established in 2019/20. All contract risks, including Low risks, have regular reviews to ensure they remain assessed at the right status. This review support the Annual Contract Monitoring Report and exceptions feed into Member and Leadership Team reports.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Project risk registers will fall under the scrutiny of the PMO as part of the support provided following a restatement of its Terms of Reference and the role of the Leadership Team in project management. • Service Area Risk Registers are considered generally it for purpose although several require detailed review. This aspect was reviewed in Internal Audit work in 2019/20 with half of registers completed. The remainder will be reviewed during 2020/21. • When the Covid-19 restrictions were introduced regular Covid team meetings were established with Leadership Team and other key officers in order to identify and assess the key risk areas, establish priorities and maintain as many of the Council's services as possible. Appropriate mitigating actions were then implemented and monitored in response. This included the identification of additional or re-deployed resources required to manage increased demand on services and/or loss of key personnel due to sickness/shielding. • The Council's decision-making process requires consideration of the economic, social, and environmental impacts of policies and plans when taking decisions about service provision. • Business resilience and continuity arrangements were identified in 2018/19 as requiring further development. Significant work was undertaken in this area to develop an approach relating to service-specific planning. Significant business continuity arrangements were implemented in Spring 2020 as a result of the Covid-19 pandemic
	<p>Managing performance</p> <ul style="list-style-type: none"> • A revised Performance Framework detailing roles and responsibility was approved in January 2019 • Budget monitoring procedures and financial reporting are in place (Principle D) • The PMO reporting process was revised in year to strengthen the initial business case and implement a regular, detailed update to LT and Members, as appropriate to each individual project. • Reports to Council or Committees on key issues throughout year
	<p>Robust internal control</p> <ul style="list-style-type: none"> • The Review Committee carries out an overview and scrutiny function of the Council. It has the authority to Call-in decisions of the Executive and sets its own work plan. It makes an annual report on its work to Council.

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • The Audit Committee receives reports and provides challenge of the work of Internal & External Audit, financial statements and matters relating to risk management. This committee meets on four occasions through the year. • There is an Annual Audit Plan prepared by the Chief Audit Executive designed to provide sufficient coverage to make a considered judgement on the system of internal control in the Annual Audit Opinion. The Plan for 2019/20 was approved by the Audit Committee in May 2019. • The Internal Audit function is considered compliant with the Public Sector Internal Audit Standards, and had a positive outcome, external assessment carried out in 2018. The next external assessment has to be completed no later than the 2022/23 financial year. • Output of key financial systems is reviewed during relevant audit engagements. Key financial systems reviewed by Internal Audit in 2019/20 were, Payroll, Sundry Debt Management, Income Receipting & Banking, Council Tax and Business Rates. All were assessed as “adequate” or “good”, with the exception of Sundry Debt Management which was assessed as “limited assurance”, as detailed in Section 2 of this Statement. • Where audit work identifies ineffective procedures or insufficient control, recommendations are made, and these are monitored for completion within reports to the Audit Committee through the year until implemented or superseded. • There are effective counter-fraud measures in place within Revenues & Benefits using internal referrals, the National Fraud Initiative and pan-Essex data matching exercises to identify council tax and business rate payers, and those in receipt of housing benefit with claims, discounts or exemptions they may not be entitled to. • The Council's approach to counter-fraud is detailed in the Anti-fraud and Corruption Policy. • The Annual Governance Statement is approved by the Audit Committee before inclusion in the final version of the Council's annual accounts.
	<p>Managing data</p> <ul style="list-style-type: none"> • Work has continued on compliance with the GDPR. All required privacy notices are now in place and controls over non-digital data are much improved. Procedures for dealing with data breaches and subject access requests appear effective. Data Protection and Information Management guidance documents are in place. Internal Audit reviewed GDPR procedures in 2019/20

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • The Council participates in the Whole of Essex Information Sharing Forum for which a formal data-sharing agreement is in place. • Appropriate measures are in place for accessing / sharing data with organisations such as Department for Work and Pensions and Driver and Vehicle Licensing Agency in appropriate cases. Confirmation of procedures in the latter category was subject to Internal Audit review during 2019/20. • Access controls to the Council’s ICT Network and key financial systems were reviewed in Internal Audit work during 2019/20. <p>Strong public financial management</p> <ul style="list-style-type: none"> • The External Auditor reviews the Council’s financial management and value for money arrangements for which an Annual report is produced. By its nature, the report relates to the prior year and the accounts for 2019/20 will be reported during 2020/21. Detailed findings for 2018/19 were reported to the Audit Committee in December 2019 The Annual Audit Letter for the year ending 31/3/2019 was presented to the Audit Committee in March 2020 by the external auditor which. <ul style="list-style-type: none"> ○ reports that the accounts were unqualified, ○ confirmed that other information within the financial statements was consistent with the Annual Accounts, ○ stated that proper arrangements to secure value for money in the use of resources were in place and ○ stated that the Annual Governance Statement for 2018/19 was consistent with their understanding of the Council. • An established MTFS and budget setting process is in place (Principle C) • Budget monitoring and reporting processes are in place (Principle C) • Council and Committee Reports are available on CMIS to residents and other stakeholders • The financial implications of the Covid-19 pandemic will be closely monitored and reported upon
Core Principle	Sub-Principle
	Implementing good practice in transparency

Core Principle	Sub-Principle
<p>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<ul style="list-style-type: none"> • The Council's decision-making process requires consideration of the economic, social, and environmental impacts of policies and plans when taking decisions about service provision. • Effective processes for dealing with freedom of information requests and subject access requests are in place • A wide range of policies and procedures are amongst items published on the Council's website. • The Council is generally compliant with the Transparency Code, with a dedicated page on the Website. This was updated in April 2020 • The Contract Register and Council spending records are available on the website for public scrutiny • Agendas, reports and minutes for majority of Council and Committee items are available on Website. This excludes reports or exempt appendices that may be considered private & confidential / commercially sensitive. (See Principle B – Openness) • The Council's Building Control Team is a member of the company, Local Authority Building Control (LABC). This company holds ISO 9001 accreditation for proper standards of record keeping and processing BC applications. This accreditation is valid to June 2021.
	<p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • There is a standard format for Council and Committee Reports (CMIS) • Audit reports, both Internal and External are publicly available (CMIS) • The Council meets timescales for statutory reporting including Annual Accounts and Annual Governance Statement. This was particularly relevant for the final accounts for 2018/19 which were due to be published in July 2019. Due to delays outside the Council's control this was not possible but a notice, compliant with the requirements, was posted on the website outlining the position by the required date.
	<p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • The Annual Audit Plan is approved and monitored for progression by the Audit Committee • All audit recommendations, both Internal and External, are monitored and reported to the Audit Committee regularly until implemented or superseded • The Audit Committee may call upon any relevant officer to attend a meeting to clarify matters. • Audit Charter permits direct access to the Audit Committee by the Chief Audit Executive.

4. DEALING WITH LAST YEAR'S KEY IMPROVEMENT AREAS

The following table sets out the matters arising from the 2018/19 annual review of governance and how they have been addressed in 2019/20.

Governance Area	Governance Matters Identified / Actions Taken	Target Date	Lead Officer
Business Continuity / Resilience	ICT Related Investigatory work will be carried out on the in-house ICT infrastructure to determine areas that are at risk with a view to increasing resilience	October 2019	ICT Business Support & Relationship Manager
Action in 2019/20	A contractor was commissioned and has completed the discovery phase. Recommendations were made for Switch replacements but some pre work had to be carried out first. This has now been completed. Switches were due to be replaced by 31 st March configuration work is being carried out remotely but due to Covid – 19 physical replacement of the switches has been postponed. Arrangements for replacement are currently under review.		
Business Continuity / Resilience	Operational Related During 2018/19 Business Continuity updates were started and a full review of service area business continuity plans was requested, and this process started in December 2018	August 2019	Emergency Planning and Business Continuity Officer

Action in 2019/20	The review started in 2018/19 continued with a re-assessment of priority requirements and resources required. Portable, secure, Council owned ICT kit was issued to all staff during the year. Measures taken assisted in the ability to maintain a high level of service during the Covid-19 lockdown period with most staff operating away from Council premises.		
Financial Resilience	The ongoing financial resilience of the Council will continue to be closely monitored, particularly in light of the Government's planned changes to the Fair Funding and Business Rates Retention systems from 2020/21 onwards which could have a significant impact on the council's future funding position.	Ongoing	Section 151 Officer
Action in 2019/20	Position was monitored, noting that the planned changes to the Fair Funding and Business Rates Retention systems have now been delayed further to at least 2022/23		
Project Management	The terms for reference for the Council's Projects and Programme Management Office (PMO) were re-set in January 2018 and the performance of the PMO is due to be reviewed in 2019 to ensure continued effectiveness.	September 2019	Strategic Director
Action in 2019/20	The requirements of project management, particularly in light of large projects that will significantly move forward in 2020/21, resulted in a reshaping of the relationship between the Leadership Team and the Project Management Office, with revised terms of reference and		

	development of relevant project performance reporting.		
ICT Migration	The server migration process is nearing completion for those applications that can move onto RDC's Cloud. An alternative solution is being sought for those applications which it is not possible to move onto RDC's Cloud.	August 2019	ICT Business Support & Relationship Manager
Action in 2019/20	Migration has been completed apart from Academy Revenues and Benefits a date of the 16 th April was given as the transfer date but due to Covid 19 this has been postponed to a provisional date of 31 st July 2020.		
General Data Protection Regulations	Work will be continued to roll out training to all staff and complete the provision of service areas privacy notices	30 th September 2019	Data Protection Officer
Action in 2019/20	Online training was completed during 2019/20 and all required Privacy Notices were published		

5. GOVERNANCE AREAS TO BE DEVELOPED IN 2020/21

The review of the effectiveness of the Council's Governance Framework has identified the following actions that will need to be addressed during 2020/21

Governance Area	Governance Matters Identified / Actions Taken	Target Date	Lead Officer
Asset Development Programme	Following the Council appointing a Preferred Bidder for the Asset Delivery Programme the governance structure as set out in the FBC is	2020/21 and beyond	Assistant Director, Assets & Commercial

	<p>now being reviewed and agreed with the Preferred Bidder and will be implemented. The governance structure will ensure the key programme workstreams report into a Partnership Board with Council and Preferred Bidder representation. The structure also ensure stakeholder engagement and internal governance processes can feed into the programme as appropriate.</p>		
Connect Programme	<p>The 'Connect' Programme is a Gold Project which will report to the Executive as part of the quarterly PMO report, any interdependencies between the 'Connect' Programme and the Asset Delivery Programme will be identified as part of the PMO reporting.</p> <p>The Connect Transformation Manager will undertake operational project management reporting to the Assistant Director – Transformation and Customer who is the Senior Responsible Officer for the programme. Individual Invest to Save projects as identified as part of the 'Connect' Programme will have their own governance as appropriate to the nature of the project. The PMO report will capture programme level assurance.</p>	2020/21 and beyond	Assistant Director, Transformation & Customer

Financial Resilience	The impact of Covid 19 on the Council's financial resilience will require careful monitoring and the implementation of mitigating actions to ensure that budgetary plans are sustainable in both the short and medium term. Work has already started on this, with revised projections for 2020/21 and beyond being shared with the Leadership Team (LT) and Members. However, this will require regular review and updating as the impact becomes clearer, alongside the agreement of a clear action plan by LT and the Executive to address pressures arising in 2020/21 and the longer term budget gap.	Ongoing	Section 151 Officer
Impact of and recovery from the Coronavirus Pandemic	The impact of the COVID 19 pandemic has been felt across the entirety of the Council's service provision. No council staff were furloughed, and service provision continued to be delivered predominantly by officers working from home. A skeleton staff of approximately 12 has occupied the South Street offices with adaptations being made to reflect Government guidance. Both of the Council's sites were closed to the public. A workplace restoration project has been incepted to safely ensure return of officers, members and visitors to the council's offices. This work will tie into a review being led by the Council's Emergency Planning Officer to ensure that business continuity plans continue to be followed and updated as restoration takes place. The "new normal" that the Council will "return" to will be underpinned by the work of the Connect Programme which will be expedited to consider	2020/21 and beyond	Managing Director / Strategic Director

	<p>early initiatives which will bring forward digital connectivity and improved processes to align with achieving the “new normal”. This work will ultimately feed into the Council’s plans for the Asset Development Programme and ultimately how the Council will use and occupy its corporate spaces in the future.</p> <p>The formal decision-making process and standing orders within the Council’s constitution needed to be amended by use of the Managing Director’s Emergency Powers. The transition back to physical meetings will be led by legislation as the Government amends regulations and guidance around public gatherings and the constitution will need to reflect that. The constitution is being reviewed and this will need to be included.</p>		
Peer Review Action Plan	<p>The LGA Peer Review, which reported in November 2019 identified 10 recommendations for the Council to take forward. The Peer Review team indicated that a follow up visit should take place before November 2021 in order to review the Council’s progress. The Council has established an Action Plan which sets out its response to the recommendations and how it proposes to address them. The bulk of the recommendations will be picked up as part of the work being undertaken in the Council’s Asset Development and Connect programmes and some are inextricably linked to the Council’s</p>	2020/21 and beyond	Managing Director / Strategic Director

	<p>business planning, financial resilience and MTFS. It is important, nonetheless, that the Action Plan remains a live document and is updated to reflect the Council's evolving position, so that the comments of the Peer Review team continue to be reflected.</p>		
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3. CONCLUSION

We have been advised on the outcome of the result of the review of the effectiveness of the Governance Framework and consider that the arrangements provide adequate assurance and continue to be regarded as fit for purpose in accordance with the Governance Framework.

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:

**Cllr. M Steptoe
Leader of the Council**

Signed: Date:

**S Scrutton
Managing Director**

6. GLOSSARY

Acronym	Meaning
AGS	Annual Governance Statement
ASELA	Association of South Essex Local Authorities
CAE	Chief Audit Executive (Head of Audit)
CFO	Chief Finance Officer
CIPFA	Chartered Institute of Public Finance Accounting
CMIS	Committee Management Information System (Online information about Members, Council & Committee meeting dates and reports)
Code (The)	Local Code of Corporate Governance
CP&RLSP	Castle Point & Rochford Local Strategic Partnership
CRR	Corporate Risk Register
EELGA	East of England Local Government Association
GDPR	General Data Protection Regulations
HMO	House of Multiple Occupation
ICO	Information Commissioner's Office.
ICT	Information and Communications Technology
LABC	Local Authority Building Control
LGA	Local Government Association
LT	Leadership Team (Directors and Assistant Directors)
MHCLG	Ministry of Housing, Communities and Local Government
MTFS	Medium Term Financial Strategy (A five-year rolling financial strategy)
PMO	Project Management Office
PSIAS	Public Sector Internal Audit Standards
S151 Officer	Officer with responsibility for Internal Control. At Rochford, this officer is also the Chief Finance Officer
SOLACE	Society of Local Authority Chief Executives
Statement (The)	Refers to the Annual Governance Statement

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 2019/20, 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.

Certificate

The pre-audit Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2020, 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:

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2019/20

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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 Narrative 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 2019/20 (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.

Where applicable the accounts also show the Group Accounts position to reflect the Council's wholly owned Local Authority Trading Company - Green Gateway Trading (GM) Ltd.

Going concern

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.

More detail can be found in note 2.19 in relation to the assumed impact of COVID-19 on the authority's future financial position.

The Council's Auditor for 2019/20 is Ernst and Young LLP.

The Primary Financial Statements

It has been necessary to round some of the figures with the Statements and notes to ensure that all Statements agree to each other and, where applicable, figures equal the detailed notes.

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.

The Executive portfolios were reviewed during 2019-20 and therefore differ to those reported in the 2018/19 Financial Statements. The figures for 2018-19 have been restated to reflect the position if the 2019-20 portfolio structure had been in place at that time. Further detail on the restatement can be found in Note 32. This change impacts the figures within the CIES and the Expenditure Funding Analysis.

For 2019/20, there is an overall increase, after movements to Earmarked Reserves, in the General Fund balance of (£207,036)

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2020. 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 2020 the Authority has seen a net increase in its assets of £5.8m compared to the same time in the previous year. This comprises of increases in Non-Current Assets of £1.02m and Current Assets of £3.81m, an increase in the value of Current Liabilities of £0.796m and a decrease in the value of the pension liability of £3.1m.

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 2020, the Authority's cash balances had increased by £2m since 31 March 2019.

Earmarked Reserves

The earmarked reserves are set aside for the purposes detailed below:

Corporate - To provide financial support on corporate objectives and service delivery. There are currently allocations for business rate smoothing, and funds to enable forward funding of the pension deficit if approved by members.

Housing - To provide financial support for Housing Specific issues

IT Strategy - To provide an Investment fund for future IT development.

Projects - To provide financial support for key projects in the Authority, the majority of this reserve is currently earmarked for the asset delivery programme.

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 shown after the notes to the Primary Financial Statements.

2018/19 RESTATED *					
Council			Group		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
3,478	(181)	3,297	3,478	(181)	3,297
18,643	(17,418)	1,225	18,643	(17,418)	1,225
926	(1,731)	(805)	926	(1,731)	(805)
1,194	(810)	384	1,194	(810)	384
4,970	(1,717)	3,253	4,900	(1,664)	3,236
1,061	-	1,061	1,061	-	1,061
4,655	(3,683)	972	4,655	(3,683)	972
<u>34,927</u>	<u>(25,540)</u>	<u>9,387</u>	<u>34,857</u>	<u>(25,487)</u>	<u>9,370</u>
		1198			1,198
		768			768
		(12,057)			(12,055)
		<u>(704)</u>			<u>(719)</u>
					3
					<u>(716)</u>
		(1,432)			(1,432)
		163			163
		(4,142)			(4,142)
		<u>(5,411)</u>			<u>(5,411)</u>
		<u>(6,115)</u>			<u>(6,127)</u>

* see note 32 for restatement

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Continuing Operations

Leader	
Finance	
Enterprise	
Planning	
Environment	
IT & Communications	
Community	

Cost of Services

Other Operating Expenditure (Note 9)	
Financing and Investment Income and Expenditure (Note 10)	
Taxation and Non-Specific Grant Income (Note 11)	

(Surplus) or Deficit on Provision of Services

Taxation of Group Entities

Group (Surplus) or Deficit on Provision of Services

Surplus or deficit on revaluation of non current assets

Revaluation gains	
Revaluation losses (chargeable to revaluation reserve)	
Remeasurements of the net defined benefit liability/(assets) (Note 30)	

Other Comprehensive Income and Expenditure

Total Comprehensive Income and Expenditure

2019/20					
Council			Group		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
3,455	(233)	3,222	3,455	(233)	3,222
15,565	(14,758)	807	15,565	(14,758)	807
1,018	(1,754)	(736)	1,018	(1,754)	(736)
1,283	(741)	542	1,283	(741)	542
5,132	(1,662)	3,470	5,094	(1,629)	3,465
1,277	(1)	1,276	1,277	(1)	1,276
2,754	(1,448)	1,306	2,754	(1,448)	1,306
<u>30,484</u>	<u>(20,597)</u>	<u>9,887</u>	<u>30,447</u>	<u>(20,564)</u>	<u>9,882</u>
		776			776
		545			545
		(12,244)			(12,244)
		<u>(1,036)</u>			<u>(1,041)</u>
					1
					<u>(1,040)</u>
		(728)			(728)
		1			1
		(4,020)			(4,020)
		<u>(4,747)</u>			<u>(4,747)</u>
		<u>(5,783)</u>			<u>(5,787)</u>

Balance Sheet as at 31 March 2020

31 March 2019		31 March 2020	
Council £000s	Group £000s	Council £000s	Group £000s
49,110	49,111	49,959	49,959
-	-	130	130
436	436	477	477
2	2	-	-
49,548	49,548	50,566	50,566
7,650	7,650	10,024	10,024
2,627	2,655	2,028	2,056
4,685	4,746	6,718	6,830
14,962	15,051	18,770	18,910
(2,657)	(2,680)	(3,258)	(3,329)
-	-	(1,448)	(1,448)
(249)	(249)	(444)	(444)
(2,906)	(2,929)	(5,150)	(5,221)
(28,999)	(28,999)	(25,905)	(25,905)
(665)	(665)	(558)	(558)
(29,664)	(29,664)	(26,463)	(26,463)
31,940	32,005	37,723	37,792
12,598	12,663	14,027	14,096
(916)		(1,124)	
(9,552)		(10,206)	
(1,399)		(1,671)	
(730)		(1,027)	
(12,598)		(14,027)	
19,342	19,342	23,696	23,696
(20,170)		(20,886)	
(1,112)		(1,417)	
28,999		25,905	
(27,476)		(27,474)	
-		-	
353		92	
64		83	
(19,341)		(23,696)	
31,940	32,005	37,723	37,792

I certify that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2020 and the income and expenditure for the year then ended.

Signed: 
Section 151 Officer

Dated: 25 June 2020

Movement In Reserves Statement for year ending 31 March 2019 and 31 March 2020

	General Fund Balance	Earmarked GF Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total useable Reserves	Unuseable Reserves (Note 19)	Total Authority Reserves	Council's share of Subsidiary Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2018	989	8,035	1,351	702	11,076	14,821	25,899	51	25,950
Adjustment to opening balance for IFRS 15*	(74)				(74)		(74)		(74)
Movement in reserves during 2018/19									
Surplus or (Deficit) on provision of services	704				704		704	13	717
Other Comprehensive Income & Expenditure						5,411	5,411		5,411
Total Comprehensive Income & Expenditure	630	-	-	-	630	5,411	6,041	13	6,055
Adjustments between accounting & funding basis under regulations (Note 7b)	807		49	28	884	(884)	-		-
Net Increase/Decrease before transfers to Earmarked Reserves	1,437	-	49	28	1,514	4,527	6,041	13	6,054
Transfers to/from Earmarked Reserves (Note 8)	(1,517)	1,517			-		-		
Increase/(Decrease) Movement in Year	(80)	1,517	49	28	1,514	4,527	6,041	13	6,054
Balance at 31 March 2019	909	9,552	1,400	730	12,590	19,348	31,940	64	32,005
Movement in reserves during 2019/20									
Surplus or (Deficit) on provision of services	1,036				1,036		1,036	4	1,040
Other Comprehensive Income & Expenditure						4,747	4,747		4,747
Total Comprehensive Income & Expenditure	1,036	-	-	-	1,036	4,747	5,783	4	5,787
Adjustments between accounting & funding basis under regulations (Note 7b)	(175)		271	296	392	(392)	-		-
Net Increase/(Decrease) before transfers to Earmarked Reserves	861	-	271	296	1,428	4,355	5,783	4	5,787
Transfers to/from Earmarked Reserves (Note 8)	(654)	654			-		-		
Increase/(Decrease) Movement in Year	207	654	271	296	1,428	4,355	5,783	4	5,787
Balance at 31 March 2020 carried forward	1,116	10,206	1,671	1,026	14,019	23,703	37,723	68	37,792

* IFRS 15 relates to revenue from contracts with service recipients; this required a review of all income streams to ascertain the contractual point of obligation to ensure that income is recorded in the correct period (in line with accounting policy 2.2). There is no requirement to restate the prior year figure, so the reported adjustment corrects opening balances to reflect the impact which relates to planning income.

Cash Flow Statement for year ending 31 March 2020

2018/19			2019/20	
Council	Group		Council	Group
£000s	£000s		£000s	£000s
704	719	Net surplus or (deficit) on the provision of services	1,036	1,040
3,993	3,962	Adjust net surplus or deficit on the provision of services for non cash movements	1,580	1,627
(1,885)	(1,885)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,381)	(1,381)
2,812	2,796	Net (Outflow)/ Inflow from Operating Activities (Note 20)	1,235	1,286
(6,137)	(6,137)	Investing Activities (Note 21)	(371)	(371)
771	771	Financing Activities (Note 21)	1,169	1,169
<u>(2,554)</u>	<u>(2,570)</u>	<u>Net increase or (decrease) in cash and cash equivalents</u>	<u>2,033</u>	<u>2,084</u>
7,239	7,316	Cash and cash equivalents at the beginning of the reporting period	4,685	4,746
4,685	4,746	Cash and cash equivalents at the end of the reporting period	6,718	6,830

Notes to the Core Financial Statements

Note 1 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis provides a reconciliation from the Provisional Outturn report to the CIES in these accounts.

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.

2018/19 RESTATED *			2019/20		
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
2,955	342	3,297	2,864	358	3,222
1,194	31	1,225	1,219	(412)	807
(878)	73	(805)	(877)	141	(736)
249	135	384	370	172	542
2,558	695	3,253	2,815	655	3,470
920	141	1,061	1,123	153	1,276
899	73	972	1,593	(287)	1,306
7,897	1,491	9,387	9,107	780	9,887
(9,408)	(684)	(10,092)	(9,968)	(955)	(10,923)
(1,510)	807	(704)	(861)	(175)	(1,036)
(9,024)			(10,461)		
73			-		
(1,437)			(861)		
(10,461)			(11,322)		

* see note 32 for restatement **The current year figure for leader is £6,600 different to the outturn report due to an amendment made before the accounts were published.

2. ACCOUNTING POLICIES

2.1 GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. 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 2019/20, 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.

2.2 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.

A provision for doubtful debts is included in the balance sheet item, and any changes to this provision are charged through the Finance and Investment Income and Expenditure on the CIES.

2.3 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

2.4 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.

2.5 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 a provision is estimated based on past successful appeals and their monetary impact on collectable business rates.

2.6 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.

2.7 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.

2.8 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.

2.9 FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into three types:

- Amortised Cost - held solely for payments of income and principal and the business model for holding them is to collect contractual cash.
- Fair Value through Other Comprehensive Income - held solely for payments of income and principal, and the business model for holding them is to collect contractual cash and sell assets,
- Fair Value through Profit or Loss - this includes all other instruments that are not covered by the above. There is currently a statutory override for three years commencing with 2018/19 that allows pooled funds to be reversed through the Movement in Reserves Statement.

The Authority has investments classed as Amortised Cost, and Fair Value Through Profit or Loss. It has no borrowing.

Investments are recognised on the Balance Sheet when the Authority enters into the contractual arrangements for the financial instrument. 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 (CIES) is the amount receivable for the year in the agreement. For Fair Value through Profit and Loss, any difference between Fair Value and the carrying value in the accounts is also taken through the CIES.

The Authority holds fund in Money Markets that are available on instant withdrawal, all other 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.

2.10 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.

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

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 specific revenue grant, or if it is a non-ringfenced revenue grant or a capital grant to Taxation and Non Specific Grant income.

As per the Code of Practice any unringfenced grant received by the Authority is recognised as it is received.

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

2.11 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.

2.12 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.

2.13 PROPERTY, PLANT & EQUIPMENT

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

Recognition

Expenditure on the acquisition or enhancement of Property, Plant & Equipment has been capitalised on an accruals basis in the Balance Sheet. Expenditure that maintains (repairs and maintenance) but does not enhance an asset is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to operate.

In line with the Code of Practice Land and buildings are re-valued at least every five years, unless evidence suggests that this would lead to a significant difference between the true valuation and the balance sheet value, in which case valuations are carried out more frequently as required. If there is evidence to suggest that there has been a general uplift in a particular class of assets a percentage uplift may be applied across all assets in that class, without undertaking individual revaluations of each asset. Valuations and market reviews are provided by Wilks Head & Eve LLP which is a member of the Royal Institute of Chartered Surveyors.

Fixed assets consist principally of the Authority's land and 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. A valuation is obtained where this is not available.
- Fee-charging car parks have been valued taking into account all costs attributable to the running of the car parks.

The Authority's fixed asset register also contains vehicles used to provide the services under the Waste Collection, Street Cleansing and Grounds Maintenance Contracts.

Following a revaluation, increases are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement (CIES) where they arise from the reversal of a loss previously charged to a service. Decreases in the valuation of individual assets are written back against the revaluation reserve for those assets, if the decrease exceeds the reserve the balance of the decrease is charged to the CIES.

Impairment

Where there is indication that an asset has been impaired during the course of the Financial Year an estimate is made of the amount of impairment and this is set against the revaluation reserve for that asset. If the reserve is insufficient the balance of the amount of the impairment is charged to the CIES.

Depreciation

Depreciation is charged to the Comprehensive Income and Expenditure Statement 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:

- 20-50 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 generally 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.

Disposals

Where a non-current asset is disposed of the profit or loss on disposal is reported against the appropriate service line in the CIES and the value of the asset is removed from the balance sheet. Any balance on the revaluation reserve is written off to the Capital Adjustment Account.

Generally there are statutory restrictions over the use of capital receipts. Sale proceeds other than the profit / loss on disposal are reserved for new capital investment or for the reduction in an authority's indebtedness.

Assets Held for Sale

If it is decided to sell an asset and it is highly likely that through actions already taken the sale will take place within a year the asset is reclassified as an Asset Held for Sale. Such assets are revalued before reclassification.

2.14 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.

Certain reserves are kept to manage the accounting processes for non-current assets, council tax and business rates, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

2.15 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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.

2.16 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.

2.17 EXCEPTIONAL ITEMS

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

2.18 PRIOR PERIOD ADJUSTMENTS

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

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

Where a change is made, it is applied retrospectively (unless stated otherwise e.g. on grounds of materiality) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Should any of the above instances arise, the appropriate disclosures will be made within the accounts.

2.19 GOING CONCERN

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the 2019/20 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community and are revenue-raising bodies (with limits on their revenue-raising powers set at the discretion of central government). If an authority were in financial difficulty and unable to provide its essential functions, possible options of last resort are that alternative arrangements might be made by central government for the continuation of the services it provides, or for additional financial assistance/ flexibilities to be offered to enable the local authority to continue to operate e.g. to allow recovery of any deficit over more than one financial year.

The current restrictions in place within the United Kingdom in response to Covid-19 have created significant issues for many businesses and residents and as a result since April 2020 the Council's income will have been affected detrimentally e.g. from lower collection rates for Council Tax/Business Rates and reduced revenue from fee charging services such as car parks, which are assumed to slowly return back to pre-Covid levels by the end of 2020/21. We recognise that there remains uncertainty over the longevity of the impacts and that this may affect our current financial assumptions, which will be kept under regular review. The government has provided some grant support to Local Authorities to compensate them for this loss of income and for any additional costs incurred due to the crisis. Any pressures that cannot be met through grant funding or in-year cost reductions will need to be met from General Fund reserves. It is still planned to maintain the General Balance at 10% of the Council's net revenue budget or c£1m, to allow the Council to deal with unexpected events or costs at short notice.

The Council will continue to face challenging financial times for the foreseeable future, with the impact of Covid 19 being compounded by ongoing pressures on local government funding, inflationary pressures and increasing demand; however we have carried out an assessment of the impact of Covid-19 on our future finances and are satisfied that there is no material uncertainty relating to going concern.

The Council has a credible track record of delivery of savings on which to weather such challenge and holds reserves and contingencies to help mitigate against risks and uncertainties such as Covid 19, as well as to support specific projects and grant funded work. 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. The current and projected levels of earmarked reserve and General Balances is summarised below.

	2019/20 Year End (£)	2020/21 Year End Projection (£)
Earmarked Reserves	10,205,910	7,110,820
General Balance	1,123,520	1,192,520

Since agreeing the budget and MTFs position in February 2020, the potential impacts of the Covid 19 pandemic on the Council's financial outlook have resulted in a need to revisit its projections.

The revised gap in 2021/22 takes into account the expectation that the Fair Funding Review and Business Rates Retention Review will be postponed until 2022/23, with the corresponding expected reduction in funding of £0.6m also delayed until that year, so it is assumed the current settlement will roll forward for another year in 2021/22. The expectation of a higher settlement in 2021/22 is offset by an expected reduction in Council Tax and Business Rate income in 2021/22 due to a reduction in collection rates and an expected reduction in the overall business rates base, assumed to be 5% in 2021/22.

The impact on the Medium Term Financial Strategy will be subject to further review/refinement over the coming months, but it is currently estimated the gap could increase from £0.7m to £1.2m in 2021/22 and rise to £2.3m by 2025/26.

Rochford District Council is undertaking a programme of work to identify savings concepts which will help address this projected gap; however the situation remains very challenging. The Council therefore needs to continue with its transformation ambition set out in its Business Plan and has set out its intention to deliver an Asset Delivery Programme which will consider how the Council's key strategic sites can deliver the objectives set out in its Asset Strategy with the preferred option being consolidation of the Council operations at the Freight House.

3. 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 2020/21 are as follows:

- **Amendments to IAS 28 Investment in Associates and Joint Ventures:** Long-term Interests in Associates and Joint Ventures.
- **Annual Improvements to IFRS Standards 2015 - 2017 Cycle.**
- **Amendments to IAS 19 Employee Benefits: Plan Amendments, Curtailment or Settlement.**

It is not anticipated that any of the above will have any impact on this Authorities Accounts.

IFRS 16 Leases was originally required for accounting periods beginning on or after 1 January 2020. This has now been deferred to 1 April 2021. The Authority continues to review its leases in light of this new standard, but currently the impact on the Financial Statements is not known.

3A. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 2, 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, compounded by the potential impact of COVID-19. 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 2020.

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income or expenditure which are not disclosed within the CIES or its notes.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section 151 Officer on 25 June 2020. Events taking place after this date up until the date of Committee approval are not reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 March 2020, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23rd March 2020, the Prime Minister announced that to limit the spread of the coronavirus he would be asking people to stay at home and where possible work from home and only essential journeys should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were 'furloughed'.

The financial and social outcomes of this are not yet fully known, however, it is anticipated that the crisis will continue to be felt for the short to medium future and that it will have a significant impact upon the UK and global economy. The crisis in the UK was at very early stages as at 31 March 2020, and it is still unknown what the full impact will be, this is therefore a non-adjusting event for which a limited estimate of its financial effect on the reporting entity can be made as at 31 March 2020. We note that the future financial impact for 2020/21 and subsequent financial years may be greater and that there will be further implications and considerations for our Balance Sheet in relation to asset impairments and pension fund liability valuations, as at their respective balance sheet dates.

Whilst any future financial implications of such valuation movements would be recognised within the comprehensive income and expenditure statement in the year to which they relate, in accordance with proper accounting practice, they would be adjusted for within the Movement in Reserve Statement - Adjustments between Accounting Basis & Funding Basis under Regulations, to negate any financial impact on the Council tax payer.

McCloud

A government consultation was released on 16 July 2020 proposing to change the Local Government Pension Scheme following a ruling in December 2018 that the scheme had discriminated on the grounds of age. The actuarial information provided for the completion of the accounts included allowances and assumptions in line with those in the proposal, therefore no changes are required to the accounts, but the Consultation closes in October 2020.

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. This is particularly prevalent for 2019/20 due to the unknown impact of the Coronavirus pandemic.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020 and RICS UK National Supplement ('Red Book'), the valuer of the Authorities assets has declared a 'material valuation uncertainty' in the valuation report used in carrying out this assessment. This is on the basis of uncertainties in markets caused by COVID-19. With the valuer having declared this material valuation uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

Of the £44m net book value of land and buildings subject to valuation, £34m relates to specialised assets valued on a depreciated replacement cost basis. Here the valuer bases their assessment on the cost to the Council of replacing the service potential of the assets. The uncertainty explained above relates to the estimated cost of replacing the service potential, rather than the extent of the service potential to be replaced.

There has been no significant reduction in the occupancy, use and demand for Council properties as a result of Covid-19. The Trust therefore concludes that the measurement of assets is materially accurate.

The items in the Authority's Balance Sheet at 31 March 2020 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. However in 19/20, all significant assets were revalued at year end therefore the annual depreciation charge for buildings would only increase by £16,000 for every year that useful lives had to be reduced.
Land and Building Valuations	Land and Building non-current assets are valued on a five year basis and so the potential exists for variations in value and changes in useful life.	A variation in the value of these assets will impact the Balance Sheet Property Plant and Equipment and Revaluation Reserves. A net book value variation of 1% equates to £442k.
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 pension fund has investments in a number of different funds and investments, it is likely that the Coronavirus pandemic will have an impact on some of these, but currently this impact is not known and cannot be quantified.	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 £1.41m. Details of Pensions Assets and Liabilities Recognised in the Balance Sheet are shown in Note 29.
Bad Debt Provision	The provision is primarily based on a calculation of previous years' outstanding debts and is therefore mostly based on historical information, however for 19-20, cashflow movements in 20/21 have also been factored in as an estimation of the impact of the Coronavirus pandemic.	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 £63k.
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 known appeals outstanding. The provision of £0.62m was based on historical trends of successful appeals of which RDC's share is £0.25m. The provision for 19-20 has been increased for an estimation of reduction in ATM RVs and a known review of GP surgeries due to be completed in 20/21.	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 £22,000 for Rochford District Council.

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 2019/20			
	Adjustments for Capital Purposes *	net change for the Pensions Adjustments **	Other Differences ***	Total Adjustments
	£000	£000	£000	£000
Leader	9	350	(1)	358
Finance	-	(564)	151	(412)
Enterprise	87	53	2	141
Planning	13	151	7	171
Environment	586	68	1	655
IT & Communications	96	56	1	153
Community	(425)	133	5	(287)
Net Cost of Services	366	248	166	780
Other income and expenditure from the Expenditure and Funding Analysis	(1,225)	678	(408)	(955)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(858)	926	(242)	(175)

***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
- Adjustment for items not reported to Members as part of the outturn, this is interest which is reported to members as part of finance, but not reported in the service area in the accounts.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments between Funding and Accounting Basis 2018/19 RESTATED*			
	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	14	324	4	342
Finance	71	(35)	(5)	31
Enterprise	27	49	(3)	73
Planning	-	126	9	135
Environment	633	65	(3)	695
IT & Communications	97	45	-	142
Community	(41)	117	(2)	73
Net Cost of Services	800	690	-	1,492
Other income and expenditure from the Expenditure and Funding Analysis	(839)	789	(633)	(683)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	(39)	1,479	(633)	807

* see note 32 for restatement

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

2019/20	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.	(764)			764
Revaluation losses on Property, Plant and Equipment	(17)			17
Capital grants and contributions applied	630			(630)
Movement in Donated Assets Account	305			(305)
Revenue expenditure funded from capital under statute	(356)			356
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	310			(310)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	296		(296)	-
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	300	(300)		
Use of Capital Receipts Reserve to finance new capital expenditure		184		(184)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	155	(155)		
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(926)			926
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	261			(261)
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	(19)			19
Total Adjustments:	175	(271)	(296)	392

2018/19	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.	(760)			760
Revaluation losses on Property, Plant and Equipment	(12)			12
Capital grants and contributions applied	1,413			(1,413)
Revenue expenditure funded from capital under statute	(1,257)			1,257
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	286			(286)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	79		(79)	
Adjustments primarily involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to finance new capital expenditure		240		(240)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	288	(288)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool				
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(1)		1
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,479)			1,479
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	616			(616)
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	19			(19)
Total Adjustments:	(807)	(49)	(79)	935

Note 7c Expenditure and Income Analysed By Nature

2019/20

Reconciliation to Subjective Analysis 2019/20	Total £000's
Fees, Charges & other service income	(6,177)
Interest and Investment income	(147)
Taxation and Non Specific Grant Income	(12,244)
Gain on recogniton of Donated Assets	(305)
Government grants and contributions	(14,329)
Total Income	<u>(33,202)</u>
Employee Expenses	7,344
Other service expenses	8,613
Housing Benefit	13,649
Gain on Disposal of Fixed Asset	(455)
Depreciation, amortisation and impairment	787
Precepts & Levies	1,536
Interest Payment	692
Total Expenditure	<u>32,166</u>
(Surplus) or deficit on the provision of services	<u>(1,036)</u>

2018/19

Reconciliation to Subjective Analysis 2018/19	Total £000's
Fees, Charges & other service income	(8,537)
Interest and Investment income	(21)
Taxation and Non Specific Grant Income	(12,057)
Government grants and contributions	(17,006)
Total Income	<u>(37,621)</u>
Employee Expenses	7,776
Other service expenses	10,805
Housing Benefit	16,365
Support Service recharges	-
Gain on Disposal of Fixed Asset	(288)
Depreciation, amortisation and impairment	773
Precepts & Levies	1,486
Payments to Housing Capital Receipts Pool	-
Interest Payment	-
Total Expenditure	<u>36,917</u>
(Surplus) or deficit on the provision of services	<u>(704)</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 2019/20

	Balance at 31 March 2018 £000s	17/18 mvmt in reserves not reflected in prior year accounts.*	Transfer Out 2018/19 £000s	Transfer In 2018/19 £000s	Balance at 31 March 2019 £000s	Transfer Out 2019/20 £000s	Transfer In 2019/20 £000s	Balance at 31 March 2020 £000s
General Fund:								
Corporate	3,089	1,004	(670)	1,114	4,537	(1,021)	2,256	5,772
Housing	454	-	(39)	216	631	(111)	275	795
IT Strategy	264	-	(69)	59	254	(191)	93	155
Projects	4,228	(1,005)	(368)	1,275	4,130	(805)	159	3,483
Total	8,035	(1)	(1,146)	2,664	9,552	(2,129)	2,782	10,206

* The adjustment relates to the movement of funds approved by Members that wasn't amended for in the prior years accounts disclosure.

9. OTHER OPERATING EXPENDITURE

2018/19 £000s		2019/20 £000s
1,486	Parish council precepts	1,536
0	Payments to the Government Housing Capital Receipts Pool	0
-	Land not previously capitalised treated as Donated Assets	(305)
(288)	(Gains) from other capital receipts	(455)
1,198	Total	776

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2018/19 Council £000s	Group £000s		2019/20 Council £000s	Group £000s
789	789	Pensions - net interest on defined liability (Note 29)	678	678
(96)	(95)	Interest receivable and similar income	(147)	(146)
75	75	Amortisation of Financial Instruments	14	14
768	769	Total	545	546

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2018/19 £000s		2019/20 £000s
(8,470)	Council tax income	(8,865)
(2,463)	Non domestic rates income and expenditure	(2,567)
(898)	Non-ring fenced government grants	(658)
(226)	Capital grants and contributions	(154)
(12,057)	Total	(12,244)

12. PROPERTY, PLANT & EQUIPMENT

Movement in Balances

2019/20	Operational				Total £000s
	Other Land & Buildings £000s	Community Asset £000s	Vehicles, Plant, Furniture & Equipment £000s	Available for sale	
Balance at 1 April 2019	43,966	3,822	3,473	-	51,261
Recognition of Donated Assets		305			305
Transfer between categories	-	(3)		3	-
Additions	115	26	493	-	634
Disposals	-	-	-	-	-
Write back from Asset Register	(44)	-	(17)	-	(61)
Revaluation gain (Revaluation Reserve)	560	-	-	127	687
Revaluation loss (Revaluation Reserve)	(1)	-	-	-	(1)
Revaluation Gain (CIES)	42	-	-	-	42
Revaluation loss (CIES)	(59)	-	-	-	(59)
Gross book value as 31 March 2020	44,579	4,150	3,949	130	52,808
Depreciation					
Accumulated depreciation	(368)	-	(1,776)	-	(2,144)
Depreciation for year	(122)	-	(549)	-	(671)
Depreciation written back on disposal & revaluation	85	-	17	-	102
Balance at 31 March 2020	(405)	-	(2,308)	-	(2,713)
Net book value of assets at 31 March 2020	44,174	4,150	1,641	130	50,095
This balance is made up of:					
Gross book value	43,966	4,124	3,473	3	51,566
Movement	613	26	476	127	1,242
Accumulated depreciation	(405)	-	(2,308)	-	(2,713)
	44,174	4,150	1,641	130	50,095

Depreciation

The bases used in the calculation of depreciation are documented in Note 2 to these Statements.

Effects of Changes in estimates

For properties that have been revalued, some assets have been given a new Useful Economic Life. This has affected the annual depreciation charge for these assets.

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.

An external body, Wilks Head & Eve, members of the Royal Institute of Chartered Surveyors, carried out asset valuations on land and buildings due for revaluation within the five year cycle. The date of valuation was 31st December 2019. They also supplied the Authority with a Market Review of its properties as at 31st March 2020. The Market Review informed the Authority that buildings valued at Depreciated Replacement Cost (DRC) had increased in value. Rochford applied the percentage increases of 2% to those assets valued at DRC.

The table below shows the total of the revaluations over the five year cycle. The basis for measurement is shown in the Accounting Policy note 2.13.

	Other Land & Buildings £000s	Community Assets £000s	Vehicles, Plant, Furniture & Equipment £000s	Assets held for Sale £000s	Total £000s
Carried at historical cost	233	3,114	3,949	-	7,296
Valued at current value as at:					
31 March 2020	34,821	-	-	130	34,951
31 March 2019	1,201	-	-	-	1,201
31 March 2018	2,007	1,036	-	-	3,043
31 March 2017	3,953	-	-	-	3,953
31 March 2016	2,364	-	-	-	2,364
Total Cost or Valuation	44,579	4,150	3,949	130	52,808

Comparative Figures for 2018/19	Operational			Total £000s
	Other Land & Buildings £000s	Community Assets £000s	Vehicles, Plant, Furniture & Equipment £000s	
	Balance at 1 April 2018	43,090	3,625	
Additions	353	197	104	654
Write back from Asset Register	(21)	-	(64)	(85)
Revaluation Gain (Revaluation Reserve)	718	-	-	718
Revaluation loss (Revaluation Reserve)	(163)	-	-	(163)
Revaluation Gain (CI&E)	51	-	-	51
Revaluation loss (CI&E)	(62)	-	-	(62)
Gross book value as 31 March 2018	43,966	3,822	3,473	51,261
Depreciation				-
Accumulated depreciation	(1,009)	-	(1,294)	(2,303)
Adjustment for prior year	24			24
Depreciation for year	(118)	-	(546)	(664)
Depreciation written back on disposal & revaluation	735	-	64	799
Balance at 31 March 2018	(368)	-	(1,776)	(2,144)
Net book value of assets at 31 March 2018	43,598	3,822	1,696	49,116
This balance is made up of:				
Gross book value	43,090	3,625	3,433	50,148
Movement	876	197	40	1,113
Accumulated depreciation	(368)	-	(1,776)	(2,144)
	43,598	3,822	1,697	49,117

12a. LEASED PROPERTIES

Authority as Lessee (Operating Leases)

The authority has acquired a residential property to accommodate homeless residents. This lease will expire in 2027. The future minimum lease payments due under non cancellable leases in future years are:-

	31 March 2019	31 March 2020
	£'000s	£'000s
Not later than one year	107	107
Later than one year and not later than five years	428	428
Later than five years	366	259
Total	901	794

**Authority as Lessor
(Operating Leases)**

Rochford District Council holds leases on several of its properties with local organisations such as Parish Councils, sports clubs and welfare associations. These are often for a peppercorn rent to reflect the benefit to the community.

The authority leases out property and equipment under operating leases for the provision of community services.

	31 March 2019	31 March 2020
	£'000s	£'000s
Not later than one year	43	45
Later than one year and not later than five years	130	127
Later than five years	165	267
Total	<u>337</u>	<u>438</u>

The minimum Lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2019/20 £10,784 contingent rents were receivable by the authority (2018/19 £11,554).

The Authority also 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.

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 2019/20. 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 .

2019/20

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	5	2	356	1
Finchfield	67	42	3,001	18

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

2018/19

Trust	Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage	5	1	316	0
Finchfield	64	47	2,018	0

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:

	2018/19 £000s	2019/20 £000s
Purchased Software Licences		
Accumulated Cost	1,337	1,371
Amortisations to 1 April	(884)	(935)
Balance at 1 April	453	436
Expenditure in year	79	133
Assets written back	(45)	(47)
Amortisation	(96)	(92)
Amortisation written off in year	45	47
Balance at 31 March	436	477
Comprising		
Accumulated Cost	1,371	1,457
Amortisations to 31 March	(935)	(981)

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

	Current				Total 31 March 2020 £000
	Investments		Debtors		
	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	
Fair Value through profit or loss	2,500	3,801	-	-	3,801
Amortised Cost	9,835	12,941	2,215	1,505	14,445
Total Financial Assets	12,335	16,742	2,215	1,505	18,247

Breakdown of Financial Assets - Investments

	31 March 2019 £000	31 March 2020 £000
Short Term Investments	7,650	10,024
Cash & Cash Equivalents	4,685	6,718
Total	12,335	16,742

Note - the investments comprise cash and cash equivalents and debtors exclude Council Tax and Business Rates debtors as these do not meet the definition of a financial asset within Financial Instruments

Financial Liabilities

	Current	
	Creditors	
	31 March 2019 £000	31 March 2020 £000
Amortised Cost	1,699	2,275
Total Financial liabilities	1,699	2,275

Note - creditors exclude Council Tax and Business rates creditors as these do not meet the definition of a financial liability within Financial Instruments

Amortised Costs

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

Financial Instruments designated at Fair Value through Profit or Loss

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 impact of Coronavirus impact is still coming to light, interest rates have reduced, and there is a higher risk of default of financial institutions, this cannot yet be quantified.

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. This amount is not considered material, and therefore has not been used to amend the fair value in the balance sheet.

	Amount at 31 March 2020 £000s	Historical experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and uncollectability at 31 March 2020 £000s
Fair Value through Profit and Loss investments	3,801	0.02%	1
		Total	1

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 investments included in this category are instant access, and therefore the value included in the accounts, is the current value including accrued interest, this is considered a fair representation for fair value.

Income, Expense, Gains and Losses

Interest Revenue	Surplus or Deficit on the provision of Services 2018/19 £000s	Surplus or Deficit on the provision of Services 2019/20 £000s
Financial Assets measured at fair value through profit and loss	34	46
Financial Assets measured at Amortised Cost	63	101
Total Income in Surplus/Deficit on the provision of services	97	147
Net gain/(loss) for the year	97	147

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. There is a risk that levels of debt will increase as peoples cashflows are impacted by the Coronavirus pandemic. The breakdown of amounts overdue can be analysed by age as follows:

	31 March 2019 £000s	31 March 2020 £000s
Less than 43 days	48	37
43-63 days	9	51
64-84 days	4	6
Greater than 84 days	174	240
Total	235	334

Amounts not yet due are £247,857 for 2019/20 (£698,986 for 2018/19)

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, however any borrowing would need to be approved within the Councils Treasury Management Strategy. 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 2019/20.

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.

Following the impact of the Coronavirus pandemic on the economy, there has been a reduction to interest rates that will then impact future interest rates on the Authorities deposits.

16. SHORT TERM DEBTORS COMPRISE:

	2018/19 Council £000s	2018/19 Group £000s	2019/20 Council £000s	2019/20 Group £000s
Trade Receivables	716	716	397	425
Prepayments	42	42	84	84
Other receivable amounts	1,868	1,896	1,547	1,547
Total	2,627	2,655	2,028	2,056

Debtors for local taxation

The non impaired amounts included in the above for local taxation arrears is:-

	31 March 2019 £000	31 March 2020 £000
Less than 12	200	195
Greater than	211	263
Total	411	458

17. CASH AND CASH EQUIVALENTS

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

31 March 2019			31 March 2020		
Council £000s	Group £000s		Council £000s	Group £000s	
	1	1 Cash held by the Authority		1	1
2,500	2,500	Cash Equivalents	3,801	3,801	
2,184	2,245	Bank Current Accounts	2,916	3,028	
4,685	4,746	Total Cash and Cash	6,718	6,830	

The Council also hold £692,917 in a bank account, relating to S106 monies collected and retained on behalf of the NHS. This is not shown in the above balance as the use of the money is not determined by the Council.

18A. SHORT TERM CREDITORS COMPRISE

	2018/19 Council £000s	2018/19 Group £000s	2019/20 Council £000s	2019/20 Group £000s
Trade Payables	(1,636)	(1,659)	(1,456)	(1,527)
Other Payables	(1,021)	(1,021)	(1,802)	(1,802)
Total	(2,657)	(2,680)	(3,258)	(3,329)

18B. PROVISIONS - Business Rates

2018/19 £000		2019/20 £000
266	Balance at 1 April	249
(17)	Net movement for business rate	195
249	Balance at 31 March	444

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 2019		31 March 2020
£000		£000
(20,170)	Revaluation Reserve	(20,885)
(1,112)	Reserve for Land not previously capitalised	(1,417)
(27,476)	Capital Adjustment Account	(27,475)
28,999	Pensions Reserve	25,905
354	Collection Fund Adjustment Account	93
64	Accumulated Absences Account	83
<u>(19,341)</u>	Total Unuseable Reserves	<u>(23,696)</u>

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.

2018/19		2019/20
£000s		£000s
<u>(19,064)</u>	Balance at 1 April	<u>(20,170)</u>
152	Historical balance correction	-
-18911.97071	Revised Opening Balance	<u>(20,170)</u>
(1,432)	Upward revaluation of assets	(728)
163	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>1</u>
<u>(1,269)</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>(727)</u>
11	Difference between fair value depreciation and historical cost depreciation	12
-	Accumulated gains on assets sold or scrapped	<u>-</u>
11	Amount written off to the Capital Adjustment Account	<u>12</u>
<u>(20,170)</u>	Balance at 31 March	<u>(20,885)</u>

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.

2018/19		2019/20
£000s		£000s
<u>(27,354)</u>	Balance at 1 April	<u>(27,476)</u>
(152)	Historical Balance Correction	-
(27,506)	Revised Opening Balance	<u>(27,476)</u>
664	Charges for depreciation and impairment of non-current assets	671
12	Revaluation losses on Property, Plant & Equipment	17
96	Amortisation of intangible assets	92
1,257	Revenue expenditure funded from capital under statute	356
-	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>(11)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(11)</u>
<u>2,018</u>	Net written out amount of the cost of non-current assets consumed in year	<u>1,125</u>
	<u>Capital financing applied in the year:</u>	
(239)	Use of the Capital Receipts Reserve to finance new capital expenditure	(184)
(1,411)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(630)
(51)	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(287)	Capital expenditure charged against the General Fund balances	(310)
<u>(1,988)</u>		<u>(1,124)</u>
<u><u>(27,476)</u></u>	Balance at 31 March	<u><u>(27,475)</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.

2018/19		2019/20
£000s		£000s
31,662	Balance at 1 April	28,999
	Actuarial gains or losses on pensions assets and liabilities	
(4,142)	Remeasurements of the net defined benefit liability	(4,020)
	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	
2,951		2,441
(1,472)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,515)
<u>28,999</u>	Balance at 31 March	<u>25,905</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.

2018/19		2019/20
£000s		£000s
969	Balance at 1 April	354
	The authority's share of the Council Tax surplus/deficit on the fund at the preceeding year distributed in the year	
56	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	44
(671)		(305)
<u>354</u>	Balance at 31 March	<u>93</u>

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net surplus on the provision of services

Council 2018/19 £000s	Group 2018/19 £000s		Council 2019/20 £000s	Group 2019/20 £000s
704	719	Net Surplus on the Provision of Services	1,036	1,040
		<i>Non Cash movements</i>		
664	664	Depreciation	672	672
12	12	Downward Valuations	17	17
96	96	Amortisation	92	92
340	329	Movement in Creditors	(191)	(121)
(9)	(9)	Movement in Interest Debtors	0	0
1,428	1,409	Movement in Debtors	174	151
(17)	(17)	Movement in Provisions	195	195
1,479	1,479	Pension Liability	926	926
0	0	Movement on Donated Assets	(305)	(305)
<u>3,993</u>	<u>3,962</u>	TOTAL	<u>1,580</u>	<u>1,627</u>
		<i>Investing / Financing Activities</i>		
(1,597)	(1,597)	Capital Grants credited to the surplus on the Provision of Services	(925)	(925)
(288)	(288)	(Gains) from other capital receipts	(456)	(456)
<u>(1,885)</u>	<u>(1,885)</u>	TOTAL	<u>(1,381)</u>	<u>(1,381)</u>
<u>2,812</u>	<u>2,796</u>	Net (Outflow)/ Inflow from Operating Activities	<u>1,235</u>	<u>1,286</u>

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

Council 2018/19 £000s	Group 2018/19 £000s		Council 2019/20 £000s	Group 2019/20 £000s
(87)	(87)	Interest Received	(147)	(147)
-	-	Interest Paid	-	-
<u>(87)</u>	<u>(87)</u>	Total	<u>(147)</u>	<u>(147)</u>

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2018/19 £000s		2019/20 £000s
(605)	Purchase of property, plant and equipment, investment property and intangible assets	(737)
(7,650)	Purchase of short-term and long-term investments	(2,374)
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	455
2,118	Other receipts from investing activities	2,285
<u>(6,137)</u>	Net cash flows from investing activities	<u>(371)</u>

The cash flows for financing activities include the following items:

2018/19 £000s		2019/20 £000s
771	Council Tax and NNDR adjustments	1,169
<u>771</u>	Net cash flows from financing activities	<u>1,169</u>

The movement in cashflows due to financing activities is due to the movement of Non-Domestic Rates (NDR) and Council tax related debtors and creditors.

This year there has been an inflow of cash, debtors has decreased by £174k and creditors decreased by £191k, these totalled £17k (Last year debtors decreased by £1,182k and creditors increased by £710k, both these outflows totalled £1,892k.)

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:

	2018/19 £000s	2019/20 £000s
Basic Allowance	165	191
Special Responsibility Allowance	119	84
Expenses	3	4
TOTAL	287	279

The amounts paid to each Member are shown below. All Members received a basic allowance of £4,927 per annum (pro rated if served less than a year) plus the following allowances:

NAME	BASIC ALLOWANCE	Special Allowances £	Travel and Subsistence £	Total including Basic Allowance for 19/20 £	Total including Basic Allowance for 18/19 £
D BELTON	2,556	-	-	2,556	-
J BURTON	4,927	3,464	-	8,391	7,375
L BUTCHER	4,927	2,464	-	7,391	6,118
C CANNELL	4,927	-	-	4,927	4,250
M CARTER	4,927	-	-	4,927	4,507
T CARTER	4,516	-	-	4,516	-
N L COOPER	417	-	-	417	4,250
T G CUTMORE	4,927	4,772	-	9,699	25,500
R DRAY	4,927	5,052	-	9,979	6,800
D S EFDE	4,927	4,409	664	10,000	4,250
A H EVES	4,927	-	73	5,001	4,250
J R GOODING	4,927	700	-	5,628	6,169
J GRIFFIN	413	-	-	413	4,301
B HAZELWOOD	4,927	104	-	5,031	4,997
N HOOKWAY	4,927	259	-	5,187	6,375
M HOY	4,927	2,464	-	7,391	6,118
D HOY	4,927	-	-	4,927	4,250
K HUDSON	4,927	-	-	4,927	3,816
T R HUGHES					434
G J IOANNOU	4,927	2,368	123	7,419	13,002
M J LUCAS-GILL	4,927	52	254	5,233	4,949
J R LUMLEY	4,927	441	-	5,368	4,301
C MASON	4,927	2,204	-	7,132	4,262
EOK MASON					434
J R MASON	413	-	87	499	4,568
J MCPHERSON	4,927	2,204	-	7,132	3,816
D MERRICK	4,927	441	-	5,368	12,750
R MILNE	4,927	259	-	5,187	6,118
T E MOUNTAIN	1,594	-	-	1,594	4,250
J NEWPORT	4,516	1,250	-	5,766	651
R A OATHAM	411	-	-	411	4,250
C A PAVELIN	4,927	-	-	4,927	3,816
C ROE	4,927	7,543	-	12,470	12,750
L SHAW	4,927	934	395	6,256	4,932
P SHAW	4,927	-	48	4,976	3,816
S SMITH	4,927	7,802	-	12,730	14,875
D SPERRING	4,927	986	-	5,913	6,077
C M STANLEY	4,927	1,214	-	6,141	6,118
M STEPTOE	4,927	10,212	1,044	16,184	18,366
I WARD	4,927	5,339	240	10,506	12,781
M WEBB	4,927	5,339	224	10,491	12,750
C A WESTON	4,927	2,464	51	7,442	6,691
A L WILLIAMS	4,927	5,832	388	11,147	12,778
M WILKINSON	4,516	-	-	4,516	-
S A WILSON	4,927	-	-	4,927	4,250
S WOOTTON	4,516	2,970	-	7,487	-
	191,386	83,542	3,591	278,530	287,114

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	
	2018/19	2019/20
50,000 - 54,999		1
55,000 - 59,999		
60,000 - 64,999	4	
65,000 - 69,999	1	4
70,000 - 74,999		1
75,000 - 79,999		
80,000 - 84,999		
85,000 - 89,999		
90,000 - 94,999	2	1
95,000 - 99,999		
100,000 - 104,999		
105,000 - 109,999		
110,000 - 114,999	1	
115,000 - 119,999		1
215,000 - 219,999		
240,000 - 244,999		

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

Financial Year 2019/20

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 £
Managing Director	-	115,858	44	-	-	18,885	134,787
Strategic Director	-	93,553	-	-	-	15,249	108,802
Assistant Director Assets & Commercial	-	70,808	-	-	-	10,866	81,674
Assistant Director People & Communities	-	67,500	-	-	-	11,003	78,503
Assistant Director Place & Environment	-	67,500	-	-	-	11,003	78,503
Assistant Director Legal & Democratic	-	67,500	369	-	-	11,003	78,871
Assistant Director Transformation & Customer	-	67,500	-	-	-	11,003	78,503
Assistant Director Resources (started 1 August 2019)*		50,000	66	-	-	8,150	58,216

In addition to the figures above, the Strategic Director earned £7,460 as the Returning Officer for the District and District By-Elections.

* For the period 1 April 2019 - 1 August 2019, the Assistant Director Resources was seconded from Essex County Council; payments totalling £33,704 were made for this.

The number of exit packages with total cost per band and total cost of voluntary redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of other departures agreed		Total cost of exit packages in each band	
	2018/19 £'000s	2019/20 £'000s	2018/19 £'000s	2019/20 £'000s
£100,001 - £150,000	1	0	105	0
Total cost included in bandings and in the CIES	1	0	105	0

Financial Year 2018/19

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
	£	£	£	£		£	£
Managing Director	-	112,359	438	-	-	18,314	131,111
Strategic Director	-	91,292	438	-	-	14,881	106,611
Assistant Director Commercial Services	-	65,673	8	-	-	10,090	75,771
Assistant Director Community and Housing Services	-	61,545	-	-	-	10,032	71,577
Assistant Director Environmental Services	-	62,430	-	-	-	10,176	72,606
Assistant Director Planning & Regeneration (Left 30/11/2018)	-	40,441	85	-	-	6,592	47,118
Head of Finance (left 31/12/18)	171	38,897	17	-	-	6,368	45,453
Assistant Director Democratic Services. (Left 21/3/19)	-	59,261	-	-	36,902	9,660	105,823
Assistant Director Legal Services	-	61,545	38	-	-	10,032	71,615
Assistant Director Customer, Transformational Services	-	62,430	12	-	-	10,176	72,618
Section 151 Officer on secondment	-	60,000	-	-	-	-	60,000

In addition to the figures above, the Strategic Director earned £4,034 as the Returning Officer for the District and District By-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:

	2018/19 £000's	2019/20 £000's
Core Fee paid for External Audit Services	37	37
Additional Fee paid for Audit Services	16	-
Core Fee paid for Certification of Grant Claims and Returns*	7	7
Additional Fee paid for Certification of Grant Claims and Returns	10	1
Total	70	45

* The auditor of the 2019/20 grants work is BDO LLP

25. GRANT INCOME

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

	2018/19 £000's	2019/20 £000's
Credited to Taxation and Non Specific Grant Income		
NDR entitlement	2,463	2,567
New Homes Bonus	898	658
Play Space Match Funding	-	105
S106 Grant	226	49
Total	3,587	3,379
Credited to services		
Disabled Facilities Grant	455	476
Council Tax Annex Grant	7	12
NNDR - New Burdens Grants	12	9
Discretionary Housing Payments New Burdens	5	5
LCTS Admin Set up Funding*	64	60
Housing Benefit Subsidy*	15,422	13,031
Housing Benefit Administration Subsidy	155	137
Housing Benefit / UC New Burdens	60	54
Individual Electoral Registration	11	10
Discretionary Housing Payments	131	117
Business Rates pool Admin Grant	86	94
Preventing Homelessness Grant	20	23
Cold Weather Fund	-	6
Homelessness Support Grant	3	-
National Community Clean Up	15	-
Flexible Homelessness Support	190	192
Transparency Code - New Burdens	8	8
Woodlands Improvement Grant	12	12
Local Authority Parks Improvement Funding	14	-
BREXIT Grant	17	17
Brownfield and PIPs LA New Burdens	7	2
Custom Build Grant	30	15
Air Quality Grant	844	296
Total	17,568	14,576

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:

	2018/19 £000s	2019/20 £000s
Grants Receipts in Advance		
Individual Electoral Registration Grant	2	2
Individual Electoral Registration H'ware fund- receipt in advance	11	11
DCLG Recycling reward grant	35	35
Air Quality Grant	414	306
Land Release Funding	204	204
	665	558
S31 Grants	-	1,417
COVID-19 Support Grant	-	31
		1,448
Total	665	2,006

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. Several of the members are also members of neighbouring Parish / Town / County Councils with which Rochford District Council transacts. The total of members' allowances paid in 2019/20 is shown in Note 22. During the year Rochford District Council made grants to charitable / voluntary organisations some of which have members of the authority within their management or membership. Included within these grants was a payment of £15,000 to Rayleigh, Rochford and District Association for Voluntary Service, and £1,000 grant to Wyvern Community transport, both of which Councillor Lumley is a Trustee and Cllr Webb of the first. Cllr Webb was also part of the Leadership team of Hawkwell Baptist Church who received £2,300 in grants and £980 in other payments in the year. 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.

Basildon Council - The Head of Internal Audit is an employee of Basildon Council who works part time for Rochford District Council as part of a Service Level Agreement

Essex County Council - The Section 151 Officer was an employee of Essex County Council working part time for Rochford District Council on secondment at the start of the year. This arrangement finished on 1 August 2019.

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.

	2018-19 £000's	2019-20 £000's
Opening Capital Financing Requirement	777	777
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	79	133
Other Land & Buildings	353	115
Vehicles, Plant, Equipment & Furniture	104	493
Community Assets	197	26
Investment Property		
Revenue expenditure funded by capital	1257	356
Total Capital Expenditure	1,990	1,125
Financed by:		
Useable Capital Receipts	240	184
Government & Other Grants	1463	630
Revenue Contributions	286.52034	310
Total Financing	1,990	1,125
Increase in underlying need to borrowing (unsupported by government financial	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

28. CAPITAL COMMITMENTS

At 31 March 2020, the Authority has committed to make £490k of capital expenditure through its purchase order system (£576k in 18/19). Of this £298k relates to the delivery of Vehicle Charging Points in Rochford District and on behalf of Basildon Borough Council and £55k for the works on a playspace within the District.

Note 29 INTERESTS IN SUBSIDIARIES

Green Gateway Trading (GM) Ltd (the trading company) is a local authority trading company owned indirectly by Rochford District Council via a holding Company, Green Gateway Trading Ltd (the holding company), which is a wholly owned subsidiary of the Council. The trading company was incorporated on 1st September 2016 and commenced trading on 1st December 2016. The financial statements have been consolidated into the Group Financial Statements on a line by line basis, after eliminating inter-company transactions and balances as follows:

Long Term Assets

Elimination of the Council's investment in the holding company of £1 ordinary share.

Short Term Debtors and Creditors

Elimination of £8,114 unpaid invoices due to the trading company by the Council (£400 in 2018-19) and of £25,789 unpaid invoices due to the Council by the trading company (£12,260 in 2018-19).

Comprehensive Income and Expenditure

The Council purchased grounds maintenance services from the trading company totalling £433,040 (£439,833 in 2018-19). The Trading Company paid the Council £62,148 for administrative services (£69,585 in 2018-19). These transactions have been eliminated on consolidation of the Group Accounts.

As a holding company Green Gateway Trading Ltd has not undertaken any transactions other than the share purchased by the Council.

The trading company through its grounds maintenance work made a pre-tax profit of £4,449 (£16,873 in 2018-19). The draft summary accounts are as follows:

Green Gateway Trading (GM) Ltd	31 March 2019	31 March 2020
Statement of Profit or Loss	£	£
Sales	455,490	461,724
Cost of Sales	- 137,683	- 114,540
Gross Profit	<u>317,807</u>	<u>347,184</u>
Other Income	358	379
Overheads		
Salaries	195,355	210,394
Vehicle and equipment hire	75,037	74,546
Other Costs	30,900	58,176
	<u>301,292</u>	<u>343,115</u>
Profit before tax	<u>16,873</u>	<u>4,448</u>
Corporation Tax	<u>3,206</u>	<u>845</u>
Profit after tax	<u>13,667</u>	<u>3,602</u>

Green Gateway Trading (GM) Ltd

	31 March 2019	31 March 2020
Balance Sheet		
Current Assets	£	£
Trade Receivables	4,227	13,011
Amounts owed by group undertakings	1	1
Other Debtors	43	14,154
Prepayments	36,072	34,718
Cash in Bank	60,844	112,413
	<u>101,187</u>	<u>174,297</u>
Current Liabilities		
Trade Payables	-	42,489
Accruals	19,648	30,429
Other taxation and social security	16,369	32,605
Other Creditors	13	14
	<u>36,030</u>	<u>105,537</u>
Total Assets	<u>65,157</u>	<u>68,760</u>
Financed by:		
Called up share capital	1	1
Profit and loss account	65,156	68,759
	<u>65,157</u>	<u>68,760</u>

Rochford District Council also has another wholly owned subsidiary via the holding company, which is Green Gateway Trading (Development) Ltd, which was incorporated on 10th August 2017. This company has not traded since its incorporation, the only transaction being the £1 share issue with the holding company Green Gateway Trading Ltd.

30. 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 the Essex Pension Fund - this is a funded defined benefits scheme 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 2016 and was effective from 1 April 2017. A valuation was carried out at 31 March 2019 and will be effective from 1 April 2020.

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	2018/19 £000's	2019/20 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(1,595)	(1,745)
Past Service costs	(545)	-
Administration Expenses	(22)	(18)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(789)	(678)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,951)	(2,441)
<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)	3,030	(4,325)
Other Actuarial Gains /(Losses) on Assets	-	530
Change in Financial Assumptions	(3,632)	7,122
Change in Demographic Assumptions	4,744	335
Experience Gain/(Loss) on Defined Benefit Obligation	-	358
Remeasurements	4,142	4,020
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	1,191	1,579
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	1,479	926
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme	1,472	1,515

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:

	2018/19 £000's	2019/20 £000's
Present Value of the defined benefit obligation	85,028	78,787
Fair value of plan assets	57,517	54,230
Net liability	27,511	24,557
Other movements in the liability/ (asset)	1,488	1,348
Net liability arising from defined benefit obligation	28,999	25,905

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

	2018/19 £000's	2019/20 £000's
Opening balance at 1 April	54,001	57,517
Interest on Assets	1,366	1,370
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	3,030	(4,325)
- Other Actuarial Gains /(Losses) on Assets	-	530
Employers' Contributions Including Unfunded	1,472	1,515
Member Contributions	294	314
Benefits Paid including Unfunded	(2,624)	(2,673)
Administration Expenses	(22)	(18)
Closing balance at 31 March	57,517	54,230

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

	2018/19 £000's	2019/20 £000's
Opening balance at 1 April	(85,663)	(86,516)
Current Service Cost	(1,595)	(1,745)
Interest Cost	(2,155)	(2,048)
Member Contributions	(294)	(314)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic Assumptions	4,744	335
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	(3,632)	7,122
- Experience Gains & (Losses)	-	358
Actuarial Gains & (Losses)	-	-
Past Service Costs Including Curtailments	(545)	-
Curtailments		
Benefits Paid	2,490	2,544
Unfunded Pension Payments	134	129
Closing balance at 31 March	(86,516)	(80,135)

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

	31 March 2019 £000's	31 March 2019 %	31 March 2020 £000's	31 March 2020 %
Equities	35,809	62%	31,742	59%
Government Bonds	3,053	5%	2,337	4%
Other Bonds	3,362	6%	3,286	6%
Property	5,114	9%	4,877	9%
Cash/Liquidity	1,515	3%	2,254	4%
Alternative Assets	5,608	10%	6,247	12%
Other managed funds	3,056	5%	3,487	6%
	57,517	100%	54,230	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 2020, 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%	80,135	1,623
	0.1%	78,725	1,582
	-0.1%	81,571	1,665
Long-term salary increase	0.0%	80,135	1,623
	0.1%	80,233	1,624
	-0.1%	80,038	1,622
Pension increases and deferred revaluation	0.0%	80,135	1,623
	0.1%	81,477	1,664
	-0.1%	78,815	1,583
Mortality age rating assumption	None	80,135	1,623
	+1 Year	83,660	1,673
	-1 Year	76,768	1,575

Further information can be found in the Essex Pension Fund Annual Report which is available upon request from:

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

31 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.

32. Prior Period Restatement

The Executive portfolios were reviewed during 2019-20, resulting in a number of changes to reporting lines compared to the 2018-19 accounts. This included the removal of the Governance Portfolio, with the service lines previously under this portfolio being distributed between other portfolios, and a new IT & Communications portfolio being created.

The figures in the CIES and EFA have been restated to reflect what they would have shown if the Portfolios were in place in 2018-19, to enable comparison.

The table below shows how the CIES changes have mapped from the old to new structure.

	Expenditure	Income	Net
Leader	1,894	(21)	1,873
Finance	1,316	30	1,346
Enterprise	1,972	(1,584)	388
Planning	1,194	(810)	384
Environment	4,970	(1,717)	3,253
Governance	18,928	(17,757)	1,171
IT&Communications	-	-	-
Community	4,655	(3,683)	972
			9,387

EXPENDITURE		INCOME	
NEW	MOVED	NEW	MOVED
1,584	-	(160)	-
17,327	-	(17,389)	59
15	1,061	(148)	(0)
	18,928		(17,757)
1,061		(0)	
19,987	19,989	(17,697)	(17,697)

Expenditure	Income	Net
3,478	(181)	3,297
18,643	(17,418)	1,225
926	(1,732)	(805)
1,194	(810)	384
4,970	(1,717)	3,253
-	-	-
1,061	(0)	1,061
4,655	(3,683)	972
		9,387

The table below shows the change in the EFA adjustments (Note 7a).

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Original Adjustments for Capital Purposes (Note 1)	Restated Adjustments for Capital Purposes (Note 1)	Original Net change for the Pensions Adjustments (Note 2)	Restated Net change for the Pensions Adjustments (Note 2)	Original Other Differences (Note 3)	Restated Other Differences (Note 3)
	£000	£000	£000	£000	£000	£000
Leader	2	14	133	324	6	4
Finance	71	71	64	(35)	(3)	(5)
Enterprise	123	27	71	49	(3)	(3)
Planning	-	-	95	126	9	9
Environment	633	633	49	65	(3)	(3)
Governance	12	-	189	-	(4)	-
IT & Communications	-	97	-	45	-	-
Community	(41)	(41)	88	117	(2)	(2)
Net Cost of Services	800	800	690	690	-	-

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2020**

Total 2018/19 £000's	Business Rates 2018/19 £000's	Council Tax 2018/19 £000's		Council Tax 2019/20 £000's	Business Rates 2019/20 £000's	Total 2019/20 £000's
£	£	£		£	£	£
			Income			
(70,106)	(15,644)	(54,462)	Amounts Receivable (net of discounts and reliefs)	(57,806)	(16,558)	(74,364)
(70,106)	(15,644)	(54,462)	Total Income	(57,806)	(16,558)	(74,364)
			Expenditure			
			<u>Precepts and shares:</u>			
8,474	8,474	-	Central Government	-	8,147	8,147
39,762	1,525	38,237	Essex County Council	40,108	1,466	41,574
5,290	-	5,290	Police & Crime Commissioner for Essex	6,092	-	6,092
2,372	169	2,203	Essex Fire Authority	2,287	163	2,450
15,215	6,779	8,436	Rochford District & Parish/Town Councils	8,807	6,518	15,325
71,113	16,947	54,166		57,294	16,294	73,587
(233)	(233)		Transitional Protection Payment		(136)	(136)
47	47		Renewable Energy		38	38
			<u>Impairment of Debts/Appeals</u>			
38	10	28	Write-offs of Uncollectable Amounts	13	19	32
23	(179)	202	Increase/ (Decrease) in Bad Debt Provision	122	150	271
(44)	(44)	-	Increase/ (Decrease) in Provision for Appeals	-	489	489
17	(213)	230		134	657	792
86	86	-	Charge to General Fund for Allowable NDR Collection Costs	-	94	94
			<u>Distribution of Previous Year's Estimated Surplus/ (Deficit):</u>			
(1,387)	(1,387)	-	Central Government	-	(509)	(509)
(3)	(250)	247	Essex County Council	197	(91)	105
33	-	33	Police & Crime Commissioner for Essex	27	-	27
(13)	(28)	15	Essex Fire Authority	11	(10)	1
(1,054)	(1,110)	56	Rochford District Council	44	(407)	(363)
(2,424)	(2,775)	351		280	(1,017)	(737)
68,606	13,859	54,747	Total Expenditure	57,707	15,930	73,637
(1,500)	(1,785)	285	Movement on Fund Balance	(99)	(628)	(727)
1,889	2,978	(1,089)	Opening Fund Balance (surplus)/deficit	(804)	1,193	389
389	1,193	(804)	Closing Fund Balance (surplus)/deficit	(903)	565	(338)
(1,500)	(1,785)	285	Movement on Fund Balance	(99)	(628)	(727)

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 (£230.31 in 2019/20), 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 49.07p in the £ of rateable value for small businesses in 2019/20 (48p in the £ for 2018/19) 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 2019/20 the baseline was set at £1,709,943. 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 £45.92m.

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 2020. 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 2018/19 £000s	Business Rates 2018/19 £000s	Council Tax 2018/19 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2019/20 £000s	Business Rates 2019/20 £000s	Total 2019/20 £000s
			Balances attributable to:			
495	495	0	Central Government	-	194	194
(279)	89	(368)	Essex County Council	(81)	35	(46)
(56)	0	(56)	Police&Crime Commissioner, Essex	(12)	-	(12)
(11)	10	(21)	Essex Fire Authority	(5)	4	(1)
315	396	(81)	Rochford District Council	(18)	155	137
			Redistribution due to:			
102	102	0	Central Government	-	88	88
(179)	18	(197)	Essex County Council	(553)	16	(537)
(27)	0	(27)	Police & Crime Commissioner, Essex	(83)	-	(83)
(9)	2	(11)	Essex Fire Authority	(31)	2	(29)
38	82	(44)	Rochford District Council	(120)	71	(49)
389	1,194	(805)	Closing Collection Fund Balance (Surplus)/Deficit	(903)	564	(339)

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

Total 2018/19 £000s	Business Rates 2018/19 £000s	Council Tax 2018/19 £000s	Share of Collection Fund Balance	Council Tax 2019/20 £000s	Business Rates 2019/20 £000s	Total 2019/20 £000s
354	478	(124)	Rochford District Council	(138)	226	88
36	716	(680)	Preceptors & Central Government	(765)	338	(427)
390	1,194	(804)		(903)	564	(339)

4. Uncollectable Debts.

Uncollectable debts of £12,903 (£28,423 for 2018/19) for Council Tax and £19,130 (£19,884 for 2018/19) for Non-Domestic Rates were written off in 2019/20.

5. Appeals Provisions - Business Rates

Total £000s 2018/19	Other Preceptors £000s 2018/19	Billing Authority £000s 2018/19	Share of Appeals Provisions	Billing Authority £000s 2019/20	Other Preceptors £000s 2019/20	Total £000s 2019/20
666	400	266	Balance at 1 April	249	373	622
(44)	(27)	(17)	Net movement for business rate appeals in year	195	294	489
622	373	249	Balance at 31 March	444	667	1,111

6. Calculation of the Council Tax

The Council Tax for Rochford residents for 2019-20 for an average Band D property was as follows:

	BAND D £
Parish/Town Councils	48.66
Rochford District Council	230.31
Essex County Council - General	1,179.63
Essex County Council - Social Care	90.81
Essex Fire and Rescue Authority	72.45
Police & Crime Commissioner	192.96
Total	1,814.82

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	843	6/9	562
B	2,381	7/9	1,852
C	9,820	8/9	8,729
D	9,369	1	9,369
E	4,581	11/9	5,599
F	2,293	13/9	3,312
G	1,244	15/9	2,074
H	69	18/9	138
Total			31,635
Equivalentents			481
			32,116
Less Adjustment for Collection Rate			98.30%
Total Council Tax Base			31,570.1

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.

Actuary

A business professional who measures and manages risk and uncertainty.

Agency Services

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

Asset

This is an item of value held on the balance sheet as it gives rise to future economic benefit. Examples include Buildings and debts due.

Balance Sheet

A summary of all the assets and liabilities of the Council at the end of the financial year, which are matched by the Council's reserves.

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, Essex Police Fire Crime Commissioner and Town/Parish Councils.

Business Rates

These rates, called National Non-Domestic Rates (NDR), 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 on Community Assets.

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.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in Local Government.

Code of Practice on Local Government Accounting

This is the guidance produced by CIPFA 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 & Fire Crime Commissioner, 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 Rayleigh Windmill.

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. The potential liability is disclosed as a note to the accounts rather than reflected in the accounts themselves.

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 from the Council, but not yet paid for, for work carried out, goods received or services rendered.

Debtors

Amounts due to the Council, but not yet received, for work carried out or services supplied.

Deferred Liabilities

Amounts which are payable at some point in the future or paid off 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

Embedded leases are components within contracts that entail the use of a particular asset, where the user has control over that asset, also known as a Right of Use Asset.

Fair Value

Fair value is the price agreed upon by a willing buyer and seller assuming both parties enter the transaction freely and knowledgeably. Assets such as investments have a fair value determined by a market where the investment is traded.

Fees and Charges

Charges made to the public for the use of 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 and day to day income is paid into the fund.

IFRS

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

Impairment

A reduction in the valuation of an asset caused by an event occurring to the asset or to the economic environment in which it operates.

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)

Council officers have the option of joining this scheme, the majority of Officers have joined.

Materiality

Information is material if its omission or misstatement could influence the decisions of users of the financial statements. Information may not be precisely accurate but must be accurate to within certain tolerances (materiality levels) so that it presents a true and fair view of the affairs of the entity.

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 (Preceptors), 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.

Responsible Officer

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

Right of Use Asset

An asset that the authority have the right to use as part of a contractual arrangement.