

**Rochford District
Council:
Annual Financial
Report 2018/19**

Contents	Page
Narrative Report	
Introduction	3
Our Councillors	4
Rochford by Numbers	5
Key Highlights and Successes	6
The Business Plan	8
Corporate Targets and Performance Summary	9
Corporate Risk Register	11
Financial Summary	12
Looking Ahead	18
Statement of Accounts	19
Annual Governance Statement	20
Conclusion	20
Annual Governance Statement	21
Statement of Responsibilities	44
Statement of Accounts	45
Index	45
Guide to the Financial Statements	46
Primary Financial Statements	48
Notes to the Financial Statements	52
Collection Fund Account and notes	90
Glossary of Terms	94
Auditors Report (available at the conclusion of the audit)	99

1 Introduction



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

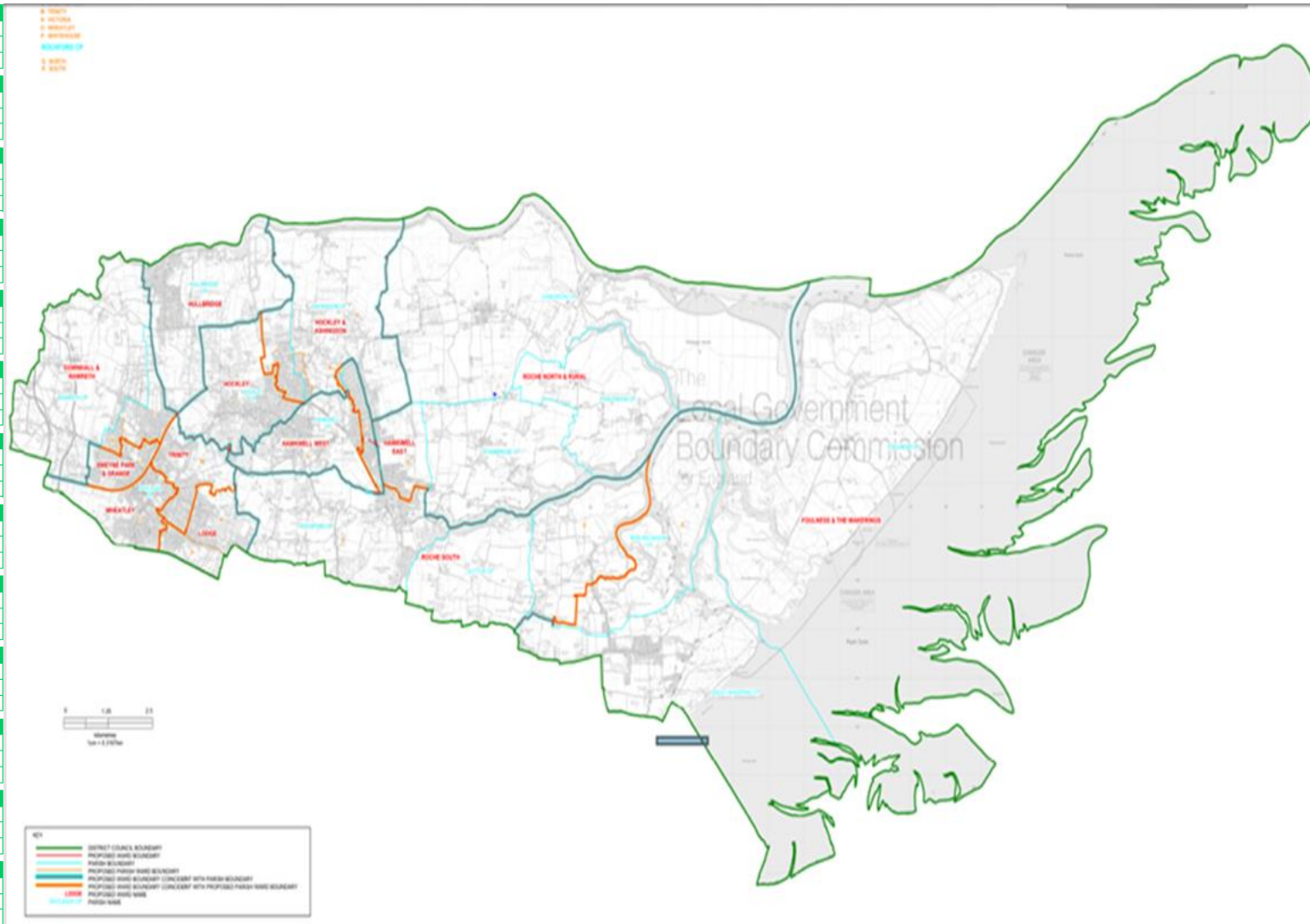
For the District of Rochford, Essex County Council, Rochford District Council and the Town and Parish Councils work together with other partners to provide a large range of services to the public.

The functions of Rochford District Council include:-











- **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 Our Councillors (At 31st March 2019)

Downhall & Rawreth
CC Cannell
RA Oatham
CM Stanley
Foulness & The Wakering Ward
D S Ede
N J Hookway
J E McPherson
Hawwell East
LA Butcher
P J Shaw
MJ Webb
Hawwell West
JR Gooding
CM Mason
JRF Mason
Hockley & Ashingdon
MR Carter
TG Cutmore
CA Weston
Hockley
K H Hudson
AH Eves
BT Hazewood
Hullbridge
D Hoy
M Hoy
SA Wilson
Lodge
R Milne
SP Smith
IH Ward
Roche North & Rural
NL Cooper
GJ Ioannou
L Shaw
Roche South
MJ Lucas-Gill
MJ Steptoe
AL Williams
Sweyne Park & Grange
JR Lumley
TE Mountain
C A Pavelin
Trinity
D Merrick
CE Roe
DJ Sperring
Wheatley
JC Burton
RR Dray
JD Griffin



3 Rochford by numbers

	Over £145,000 spent on housing adaptations increasing residents independence		Significant reduction in households in temporary accomodation
Recycling rate 60.8%		0.1% missed bins vs total collected	
	98.6% Council Tax collection rate		525 planning applications approved
	Rochford Business Network support for over 1,100 local businesses		660,289 individual visits to Leisure facilities
Exciting new developments under consideration		Produced a balanced budget for 2019/20	



4 Key Highlights and Successes

Rochford secured funding from Active Essex to support health walks and deliver projects. Over 3,000 individual health walks undertaken

Two Quest accredited Leisure Centres

Rayleigh Windmill maintained Visit England VAQAS accreditation - 2,692 annual visitors and 6 art exhibitions held

50 Weddings held across Rayleigh Windmill and The Old House.



272 food businesses were made safer

81 private dwellings made healthier and safer to live in, with 106 severe housing hazards removed

Working jointly with other Local Authorities through the Essex Resilience Forum, RDC led a project on Rest Centre procedures and training to ensure effective support for residents displaced from their homes in an emergency

100% of Building Control applications and inspections within statutory deadlines



Recycling Statistics released by DEFRA placed Rochford second in the league out of more than 350 local authorities across England, with a recycling rate of 60.8% per cent.

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

RDC has approved a balanced budget for 2019/20, 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

C£608,000 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



2016
2020

Rochford
District Council

OUR PRIORITIES

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

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

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

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

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

We will support new and existing businesses;

We will make the most of our coastal areas.

BECOME FINANCIALLY SELF-SUFFICIENT

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

EARLY INTERVENTION

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

MAXIMISE OUR ASSETS

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

ENABLE COMMUNITIES

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

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

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

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 2018/19 year end

Where the target is shown as "N/A" this is because the way the indicator is calculated has changed from prior years or the indicator was reported for the first time this year. An appropriate target will be set for the following financial year following review of current year performance.

Rochford District Council – Narrative Report 2018/19

Becoming Financially Self Sufficient				
Description	Polarity	Year End Target	2018/19 Year End	2017/18 Year End
Percentage of Collectible Council Tax collected (Cumulative)	HIGH IS GOOD	98.2%	98.6%	98.7%
Percentage of Collectible Business Rates collected (Cumulative)	HIGH IS GOOD	99.1%	99.7%	99.2%
Percentage of Housing Benefit Overpayments recovered to date (Cumulative)	HIGH IS GOOD	30.5%	21.0%	23.2%
Percentage of invoices paid in 30 days	HIGH IS GOOD	98.0%	97.3%	94.0%
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%	95.6%	82.7%

Maximise Our Assets				
Description	Polarity	Year End Target	2018/19 Year End	2017/18 Year End
Planning Enforcement: Percentage of Initial Site Visits conducted within target time	HIGH IS GOOD	60%	69%	73%
Planning Enforcement: Cases being investigated including appeals	LOW IS GOOD	372	252	220
The number of working days lost to the Local Authority due to sickness absence per FTE	LOW IS GOOD	7.5	6.2	9.0
Number of employees: FTE	N/A	N/A	152	151

Early Intervention				
Description	Polarity	Year End Target	2018/19 Year End	2017/18 Year End
Number of households in B & B/Nightly lets/HMO's (direct cost provision)	LOW IS GOOD	0	17	32
Number of Homeless Preventions	HIGH IS GOOD	25	56	209
Number of dwellings improved (occupied by vulnerable households)	HIGH IS GOOD	100	81	80
Number of food businesses made safer (cumulative)	HIGH IS GOOD	279	266	276
Number of Out of Work Benefit Claimants: Actively Seeking	LOW IS GOOD	800	700	435
Average number of days to process new benefit claims	LOW IS GOOD	21.0	22.7	18.8
Average number of days to process benefit claims changes in circumstances	LOW IS GOOD	12.0	21.3	18.9

Enable Communities				
Description	Polarity	Year End Target	2018/19 Year End	2017/18 Year End
Residual waste Kg per household	LOW IS GOOD	310	371	347
Percentage of waste recycled or composted	HIGH IS GOOD	66.0%	60.8%	64.7%
Percentage of Missed bins vs total collected	LOW IS GOOD	0.0100%	0.0586%	0.0180%
Percentage of Major Planning Apps determined in 13 weeks	HIGH IS GOOD	75.0%	40.0%	60.0%
Percentage of Major Applications determined within agreed Extension of Time	HIGH IS GOOD	75.0%	81.8%	81.8%
Percentage Remaining Planning Applications determined in 8 weeks	HIGH IS GOOD	75.0%	54.0%	80.1%
Non Major Applications determined within agreed Extension of Time	HIGH IS GOOD	75.0%	84.1%	82.8%
Percentage of Planning appeals allowed	LOW IS GOOD	30.0%	20.0%	30.4%

7 Corporate Risk Register

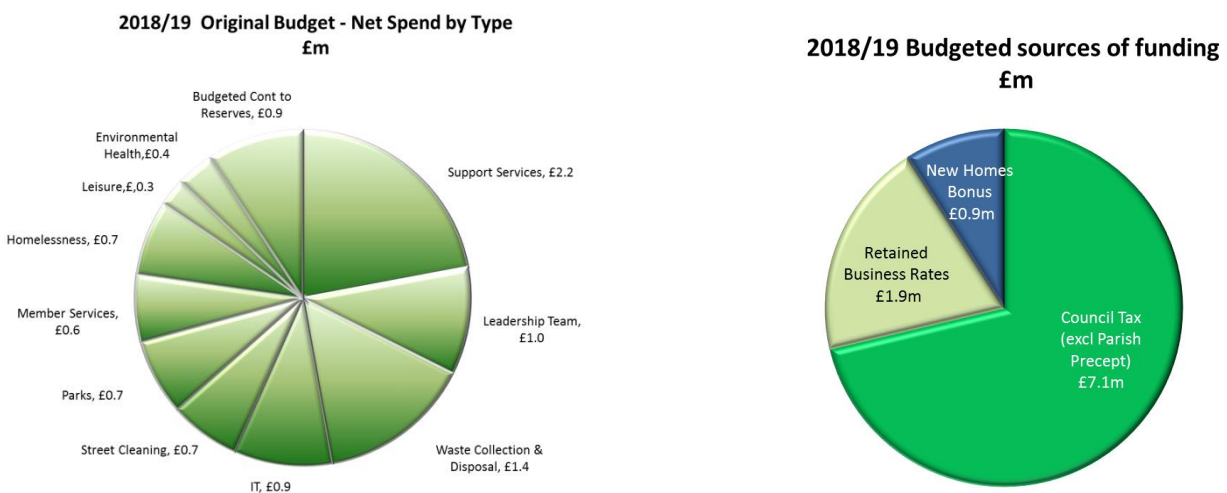
Corporate Risks	Potential Impacts												Residual Likelihood	Residual Impact	Residual Risk	
	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs/losses	Asset loss or damage	Contract breaches	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 produce and meet a balanced budget and MTFS that allow for the successful delivery of the priorities contained in the Business Plan or to adequately plan, fund and monitor the Council's Capital Programme.		✓		✓			✓	✓	✓		✓	✓	✓	3	4	H
10 – Inability to recruit, retain, develop, and manage appropriately skilled staff to deliver the Council's priority outcomes.	✓	✓	✓	✓			✓		✓					4	4	H
11 – Failure to enter into and manage effective partnerships for the delivery of services and outcomes.		✓	✓	✓	✓						✓			3	3	M
12 – The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.		✓	✓	✓					✓		✓			2	3	M
13 – Failure to ensure good governance of the Council's activities and delivery of its priority outcomes.		✓					✓			✓		✓	✓	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.		✓					✓		✓					3	4	H

8 2018/19 Financial Summary

8.1 Revenue Position

The budget for the provision of services in 2018/19 was set against a backdrop of considerable financial challenge, due to the Government’s on-going austerity programme of national reductions in public sector spending, compounded by inflationary pressures and an increasing demand for our services.

The Council has collected 99.7% and 98.6% of the Business Rates and Council Tax due respectively for the year, which has been achieved through our continuing partnerships with residents, businesses and the precepting authorities.



The Council set an original 2018/19 budget of £9.0m for its net cost of services, excluding a planned contribution to reserves funded from New Homes Bonus. This budget was revised to £9.2m during the year, against which there was with a final outturn position of £7.9m, as set out in the table below.

Reconciliation to the figures presented in the accounts is included within the Expenditure and Funding Analysis table within the Statement of Accounts.

Portfolio	Final Budget 2018/19 £	Actual 2018/19 £	Variance Underspend/ (Overspend) £	Pre approved use of reserves £	Carry Forward into 2018/19 £	Underlying Variance £
Leader	1,597,087	1,690,759	(93,672)	(114,641)	21,799	(830)
Finance	1,507,555	1,413,081	94,474	73,287	25,587	(4,400)
Enterprise	367,700	174,126	193,574	11,280	37,543	144,751
Planning	447,000	249,346	197,654	(61,336)	164,637	94,352
Environment	2,758,850	2,557,873	200,977	14,000	37,989	148,988
Governance	962,550	914,096	48,454	(62,653)	85,022	26,084
Community	1,553,050	899,059	653,991	(54,052)	445,358	262,685
Total	9,193,792	7,898,340	1,295,452	(194,114)	817,936	671,630

The main items that make up the favourable variance of £671,630 are:

Leader:

- Salary savings of £97,000
- A saving of £15,000 was achieved in relation to the apprenticeships budget.

Finance:

- Salary savings of £101,000
- Pension costs were c£100,000 more than anticipated due to enhancements for added years contributions.
- £23,000 payment of S106 monies to the NHS account relating to income received in the prior year.
- Additional income from external payroll service provision did not materialise in the current financial year resulting in a £15,000 reduction in income.

Enterprise:

- Salary savings of £87,000
- An additional c£52,300 in car park income was received from fees, Penalty Charge Notices and season tickets.
- Due to the business rates revaluation of the district car parks, there was an increase of £24,000 in rates payable.
- Application licenses and support payments were c£20,000 higher than budgeted.
- IT contracts saved c£40,000 as a result of the Azure cloud hosting cost.

Planning:

- Salary savings of £79,000
- Planning income increased by £118,000 due to a few large applications which have been received.
- Income from Building Control fees is c£30,000 less than budget.

Environment:

- Salary savings of £51,000
- There has been a c£80,000 saving in Materials Recycling Facility fees compared to budget plus additional income from the Green Gateway contract and Cherry Orchard Grant totalling c£32,000.

- The contract for maintaining street cleansing is c£31,000 under budget due to an in-year concept saving of £35,000 from contract negotiations not materialising.
- Income for the collection of bulky waste items is c£3,000 under budget.
- Income generated from columbarium, interments and monuments is less than budget by c£3,300
- The refuse collection contract is c£12,200 under budget.

Governance:

- Salary savings of £175,000
- The forecast outturn for Council Tax included a budget of £10,000 for council tax new burdens which has instead been funded from reserves. Court Cost income was also £20,000 higher than anticipated
- The Housing Benefit outturn is an adverse variance of c£306,000. This is largely due to it being difficult to budget accurately since the 2018/19 budget is set based on forecast expenditure estimates prepared in August 2017.
- In relation to the incentivised Council Tax Sharing agreement with preceptors the following variances have arisen
 - The projected share-back income for 2018/19 has fallen compared to budget creating a c£56,000 adverse variance
 - Income in relation to collection work was not budgeted for and this has created a positive £40,500 variance.
 - Income due in relation to fraud prevention work and the hardship fund was not budgeted for and this has created a £70,000 positive variance. This is not shown in the service area income, and instead is shown in the financial statements as part of net provision of service.

Community:

- Salary savings of £48,000
- The forecast outturn anticipated a net cost for the Public Health Improvement Officer of £25,000, however the actual cost was reduced and therefore the actual net impact was zero.
- Income accounted for relating to rent and deposit schemes exceeded the yearly budget by c£60,000; however, this as this is income due rather than cash received it will continue to be monitored closely in 2019/20 to ensure collection is maximised.
- The Housing Benefit subsidy claim form shows a drop in the bed and breakfast accommodation recharge due to lower levels of people being housed in this type of accommodation. This final recharge was an improvement of c£121,000.

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 2018 to deliver projects that met the key priorities of the Council and to make best use of the available funding. This totalled £1.2m for 2018/19.

The final Capital Programme for 2018/19 totalling £3.3m included some additional projects that were approved during the year, as well as carry forward of budget for projects agreed in 2017/18. The following table shows the final budget and associated spend by project:

Scheme	2018/19	2018/19	Variance	Variance of which is		
	Final Budget	Outturn		Overspend	Underspend	Carry Forward
	£	£				
ICT Hardware - Mobile working, ipads etc	100,000	29,941	(70,059)			(70,059)
ICT Software - new products/ upgrades	65,000		(65,000)			(65,000)
Health & Management Software	3,000	3,000	0			
IT Migration Project	213,400	65,527	(147,873)			(147,873)
Wheelie Bins	11,300	8,423	(2,877)			(2,877)
Vehicle Replacement	20,000	0	(20,000)			(20,000)
Cemeteries	5,800	4,485	(1,315)			(1,315)
Pavilion Refurbishments	37,500	9,704	(27,796)			(27,796)
Air Quality Grant Expenditure	1,258,000	844,397	(413,603)			(413,603)
Refurbishment of Public Conveniences	235,100	209,042	(26,058)			(26,058)
Car Park Resurface Rolling Programme	71,400	4,350	(67,050)			(67,050)
Cherry Orchard Car Park Works	9,500	6,969	(2,531)			(2,531)
Electric Charging Points	12,000	0	(12,000)			(12,000)
Match Funding - New Playspaces	100,000	30,000	(70,000)		(27,000)	(43,000)
Play Spaces	62,100	57,421	(4,679)			(4,679)
Condition Survey	10,000	5,825	(4,175)			(4,175)
Parks and Open Spaces Programme	17,500	13,731	(3,769)			(3,769)
S106 Exp Parks & Open Spaces	185,000	183,952	(1,048)			(1,048)
Rochford Offices	87,400	11,203	(76,197)			(76,197)
Rayleigh Offices	56,500	9,674	(46,826)			(46,826)
Windmill	15,000	7,179	(7,821)			(7,821)
Health & Safety Adaptions	29,300	4,875	(24,425)			(24,425)
Wallasea Island - Match Funding	50,000		(50,000)			(50,000)
Disabled Facilities Grants	558,000	340,719	(217,281)			(217,281)
Homeless Solution - temporary accomodation	10,000		(10,000)			(10,000)
Housing Renewal Grant	40,000	13,582	(26,418)			(26,418)
Discretionary Voluntary Grants	25,000	12,420	(12,580)		(12,580)	
Capital Programme Total	3,287,800	1,876,419	(1,411,381)	0	(39,580)	(1,371,801)

Of the projects not fully completed in 2018/19 there is a request to carry forward budget of £1.37m to allow the completion of 2018/19 agreed projects in the 2019/20 financial year. Once agreed these ongoing projects will be added to the original 2019/20 capital programme agreed by Members in the Medium Term Financial Strategy in February 2019.

8.3 Reserves Position

The Council will continue to face difficult financial times for the foreseeable future, given ongoing pressures on local government funding, inflationary pressures and increasing demand. However the Council has a credible track record of delivery on which to weather such challenge.

Rochford District Council – Narrative Report 2018/19

The Council holds reserves and contingencies to help mitigate against future risks and uncertainties, as well as to support specific projects and grant funded work.

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.

	Opening balance 2018/19	Transferred Out	Transferred In	Opening Balance 2019/20	Forecast Mov't In Year	Estimated Closing Balance 2019/20
Earmarked Reserves						
Devolution	(121,290)	50,000	0	(71,290)	60,000	(11,290)
Thames Gateway Growth Contribution	(5,000)	0	0	(5,000)	0	(5,000)
Insurance Reserve	(33,364)	0	0	(33,364)	0	(33,364)
Internal Audit	(58,535)	5,800	0	(52,735)	0	(52,735)
Transformation	(556,507)	212,711	0	(343,796)	100,000	(243,796)
Pension	(1,692,158)	100,000	0	(1,592,158)	0	(1,592,158)
Legal	(334,851)	47,000	(32,825)	(320,676)	0	(320,676)
Contamination	(10,000)	0	0	(10,000)	0	(10,000)
Elections	(119,200)	45,035	0	(74,165)	0	(74,165)
Hard / Soft Infrastructure	(2,116,909)	100,457	(897,772)	(2,914,224)	0	(2,914,224)
Investment Fund	0	0	(200,000)	(200,000)	0	(200,000)
Business Rates Smoothing	(1,214,000)	269,622	(26,234)	(970,612)	(868,766)	(1,839,378)
Sub Total	(6,261,815)	830,625	(1,156,831)	(6,588,021)	(708,766)	(7,296,787)
Earmarked Carry Forward Requests						
Contractor Provision	(73,431)	0	(30,000)	(103,431)	0	(103,431)
IT Emergency / IT Platform	(264,530)	69,426	(48,080)	(243,184)	48,080	(195,104)
Housing (Primarily Homelessness)	(263,029)	0	(11,039)	(274,068)	11,039	(263,029)
Sub Total	(600,989)	69,426	(89,120)	(620,683)	59,119	(561,564)
Total Earmarked Reserve	(6,862,804)	900,052	(1,245,951)	(7,208,703)	(649,647)	(7,858,350)
Carry Forwards from 2018/19						
Corporate	(453,137)	*149,187	** (843,984)	(1,147,934)	1,212,934	65,000
Project	(15,877)	0	(500)	(16,377)	16,377	0
IT	0	0	(11,213)	(11,213)	11,213	(0)
Housing	(1,500)	0	(1,000)	(2,500)	2,500	0
Total Carry forward	(470,514)	149,187	(856,697)	(1,178,024)	1,243,024	65,000
Grant Funded / Ring Fenced Reserve						
Corporate	(56,909)	3,655	(10,940)	(64,193)	0	(64,193)
Project	(455,409)	54,826	(346,280)	(746,862)	269,808	(477,054)
Housing	(189,848)	39,372	(204,020)	(354,496)	0	(354,496)
Total Grant Funded Reserve	(702,166)	97,853	(561,239)	(1,165,552)	269,808	(895,744)

* Includes £65,000 contribution from reserves towards the IFRS 15 impact on General Fund balance

**Includes the £600,000 contribution to the LDF reserve approved at Q3

The Council has built up reasonable levels of reserves so that it can continue to deliver services in the advent of financial shocks.

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.

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 periodically to the Review Committee.

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 £28.6m as at 31st March 2019 compared with £31.7m as at 31st March 2018. Estimation of this liability is based on a number of actuarial assumptions including the discount rate used 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 next full actuarial valuation will be carried out as at 31 March 2019.

8.6 Write Offs and Arrears

In 2018/19 the following amounts were written off compared to 2017/18

Amounts Written Off	2017/18 £	2018/19 £
Council Tax	37,080	28,423
Business Rates	58,464	19,884
Housing Benefits	25,810	24,814

As at 31st March 2019 the level arrears has changed from the previous year as follows:

Total Arrears	2017/18 £	2018/19 £
Council Tax	1,577,019	1,855,916
Business Rates	508,891	269,525
Housing Benefits	1,537,147	1,585,435

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

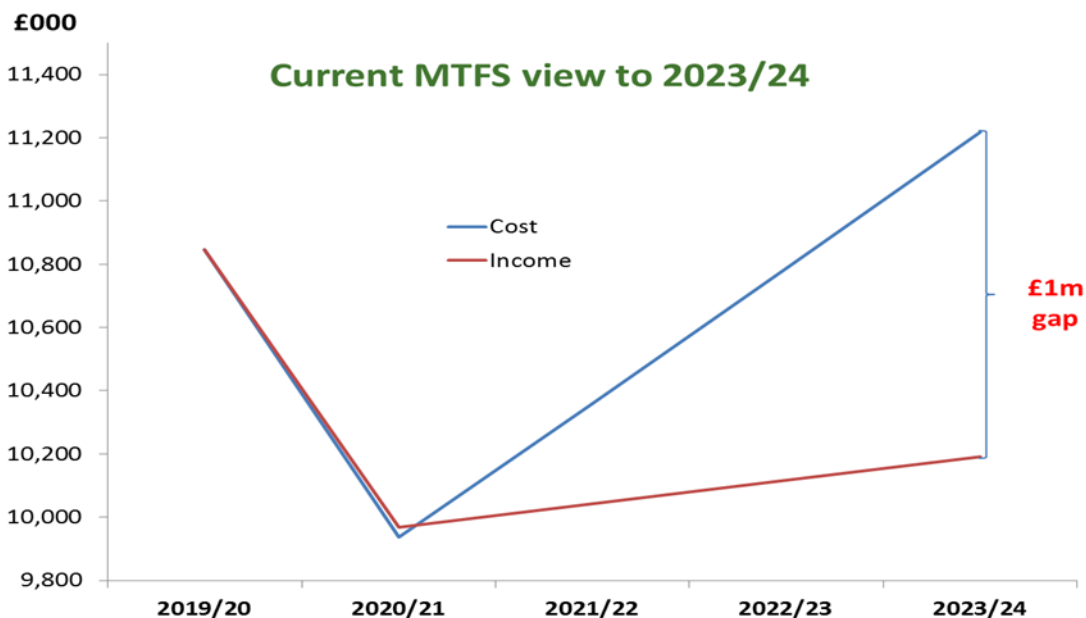
Green Gateway Trading Ltd (GGT) is a wholly owned subsidiary of the Council which was incorporated on 1st September 2016 and commenced trading in December 2016, providing grounds maintenance services. The company has successfully generated a small net profit

after tax of £13,667 for 2018/19 (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

The future financial position that Rochford District Council faces will be challenging as there is a projected difference between funding available and the expenditure of the organisation of around. **£1m by 2024**, illustrated by the graph below.



The forecast funding gap of £1 million is 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).

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.

The 2019/20 budget was agreed by Council in February 2019. Delivery of further measures to balance the budget from 2020/21 and beyond are being explored in order to identify further savings in future years. As part of this work 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 Outline Business Case (OBC) stage that this option would have a net capital funding requirement of £0.6m and these figures are included in the medium term capital expenditure forecasts.

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 2018/19 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 at 31st March 2019 and of its income and expenditure for the 2018/19 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 2018/19.

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 2018 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 2018/19.

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 Annual Governance Statement can be found on the Rochford District Council website.

12 Conclusion

Through careful management and fiduciary care, Rochford District Council has been able to close its 2018/19 accounts showing a robust position, which will support the Council in meeting the financial challenges of 2019/20 and beyond. The projections for future year's finances 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 and continue on its journey of becoming financially self-sufficient.

The draft Statement of Accounts presented on the Rochford District Council website is unaudited and may therefore be subject to change during the audit period. The final audited Statement of Accounts will be presented to Audit Committee for approval on 30th July 2019.



Naomi Lucas

Section 151 Officer

ROCHFORD DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT
2018/19

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 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 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 2018/19 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 2018/19 (but extends to cover the period to the signing of the Statements of Accounts). 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 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. The parent company, Green Gateway Trading Ltd and Green Gateway Trading (Development) Ltd, were set up as part of proposals to develop the Council's assets. This latter company is currently recorded as "Dormant" at Companies' House. Green Gateway Trading 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 company has monthly / quarterly board meetings, which are minuted. There are also quarterly minuted meetings with the Client, Environmental Services, and the Portfolio Holder for Environment. The Council's finance team is contracted to provide financial services for the Company.

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, the Leadership Team of senior managers, 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. During 2018/19 there was a strategic review of the Council's approach to risk management by one of the Council's insurers. This assessment identified a good understanding of risk management and relevant processes by the Council's senior management. Recommendations were made and an action plan agreed.

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 2018/19.

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; (LGHA 89). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report for 2018/19

Chief Audit Executive

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Chief Audit Executive 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 Chief Audit Executive is satisfied that sufficient work has been undertaken to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements. Based on the work performed during 2018/19 and other sources of assurance, the Chief Audit Executive can provide adequate assurance that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2019, 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.

Internal Audit's work in relation to Information and Communications Technology (ICT) during 2018/19 was based on security, access and resilience. Such work was non-technical and has relied on physical records, discussion with relevant staff and

questionnaires relating the data security management by the Council's ICT contractor at their own data centre and at the Microsoft Azure Cloud, where many of the Council's systems now sit. The work also considered a self-assessment carried out for the Local Government Association (LGA) and progress made in implementing recommendations made following a penetration test by an external contractor at the start of the 2018/19 year. There were no significant issues identified in respect of security and access controls. Resilience, in respect of the Council's in-house ICT infrastructure, requires addressing. This aspect was known to management who commissioned work from a peer authority to investigate this further during the latter part of the year; however, the report received did not fully address the issues or make clear recommendations for improvements. This is to be pursued with an alternative third-party specialist in 2019/20, who will be asked to produce a full audit report including recommendations in order to strengthen future resilience.

The Chief Audit Executive's Annual Report for 2018/19 refers to the fact that one audit engagement undertaken in 2018/19 received a "Limited" assurance opinion based on outcomes at the time of testing;

- Insurance Administration
 - No single point of reference for Council owned assets
 - Inadequate monitoring of Council assets and safety regimes to maintain standards required as terms and conditions of insurance
 - No evidence-based record of ensuring contracted works fully comply with standards required under conditions of insurance

Action plans for improving control or revising procedures were agreed and will be followed up within the Annual Audit Plan for 2019/20.

Details of compliance with the Code are shown in the tables in **Section 3**. These details are compiled in the same structure as the Local Code. Many of the items identified can 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 2018/19 and up to the date of approval of the Annual Financial Report.

Much progress has been made in dealing with the significant governance issues identified in the Statement for 2017/18 and this progress is detailed in **Section 4** below.

Matters that remain outstanding from 2017/18 and significant issues that could impact on future governance identified during 2018/19, for action in 2019/20, are detailed in **Section 5**.

3. HOW HAS THE COUNCIL PERFORMED?

Compliance with the seven principles

Core Principle	Sub-Principle
<p>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Behaving with integrity</p> <ul style="list-style-type: none"> • Member and Officer Codes of Conduct are published within the Constitution • Roles of Members and Officers detailed within the Constitution, in particular those with statutory functions • Constitution is under review to maintain relevance to changing circumstances • Register of Gifts and Hospitality procedures for Members and Officers. This aspect was reviewed in internal audit work in 2018/19.
	<p>Demonstrating strong commitment to ethical values</p> <ul style="list-style-type: none"> • Standards Committee with Parish representation and independent members • Member Declarations of Interest upon election, published on Website. • Members are required to declare any interests at Council or Committees where there could be a perceived conflict of interests • Corporate Inclusion and Equality Policy 2018-21 was adopted in 2018 • Equality & Diversity Impact Assessments are considered on reports to Council or Committees • A Values Based Recruitment Policy with associated procedures for officers was launched in January 2018 and was used throughout 2018/19 • There is an expectation that contractors will adhere to standards of the Council in areas of Health & Safety and Safeguarding etc. • Whistleblowing policy in place that enables concerns to be raised. (Requires an update but is fit for purpose). This aspect was reviewed in internal audit work in 2018/19. • There is a complaints / compliments procedure in place so that residents may provide relevant feedback to the Council • Effective safeguarding procedures, supported by comprehensive Safeguarding Policy • Following relevant training for several officers the Council is now a recognised as a Hate Crime Reporting Centre • Positive response to the Council's arrangements following completion of a self-assessment

Core Principle	Sub-Principle
	<p>questionnaire from Disclosure & Barring Service in respect of Licensing</p> <ul style="list-style-type: none"> • Full revision of Corporate Debt Policy during 2018/19 to go live 1/4/19 <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. (This requires an update, which is underway, but is generally fit for purpose). This aspect was reviewed in internal audit work in 2018/19. • Disciplinary Policy 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 2018/19. • Procedures are in place for other regulatory reports e.g. health & safety requirements • Clause in commercial contracts to terminate in cases of bribery and corruption • 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>Openess</p> <ul style="list-style-type: none"> • Published Business Plan 2016-2020 • Greater use of reports to Council or Committees that are not regarded as confidential than in prior years • Reports and Minutes of Council and Committees are available on the Council’s website via the Committee Management Information System (CMIS) • There is a wide range of policies and procedures available for public scrutiny on the Council’s website • 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 2018/19. • A wide range of Policies and Procedures are detailed on the Council’s website <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. <p>Engaging with individual citizens and service users effectively</p>

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Guidance provided to Officers on consultation although there is no overarching policy. • Active “Have Your Say” group that provides feedback on general or specific Council activities with feedback provided to the group in response. • Periodic consultations with the public on matters such as the Budget Survey that was included in Medium Term Financial Strategy (MTFS) process. • Statutory consultation in respect of Local Plan was carried out within required deadlines. • Consultation with residents in respect of planning applications in line with statutory duties • Complaints and Compliments procedures available by telephone, writing or online • There was a greater use of various strands of social media during the year for both informing and responding

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"> • Council Business Plan 2016-20 setting out Priorities. This is due for a refresh in 2019/20. • 5-year rolling MTFS programme, updated annually and approved by Council. That for 2019/20 was approved at Extraordinary Council on 12/2/19. • Budget / Council Tax setting approved annually by Council. That for 2019/20 was approved 19/2/19. Budget setting process and ongoing monitoring was part of internal audit work for 2018/19. • Active participation in the CP&RSLP, involving public and private sector partners • Development of the Asset Delivery Programme at Outline Business Case stage to support the Asset Strategy • The Asset Delivery Programme was subject to a health check review by Local Partnerships, jointly owned by the LGA and HM Treasury, with their report in February 2019. Their assessment was “Amber / Green” which concludes that successful delivery is rated as “Probable”. Some recommendations were made • A review of the Housing Options service was completed by the East of England LGA (EELGA) with a positive endorsement of preventative and relief work in anticipation of the Homeless Reduction Act • The Council is part of the Association of South Essex Local Authorities and, jointly, the south Essex 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

Core Principle	Sub-Principle
	<p>housing growth.</p> <ul style="list-style-type: none"> • 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 will develop a continuous programme of Cultural and Transformational change across the Council, to maximise performance and service delivery by exploring new ways of working. <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 Project Management Office (PMO) was relaunched in 2018/19 with revised terms of reference to support project managers. • Public consultations, statutory or 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 overview of the planned approach to role of the PMO was included in 2018/19 internal audit work. • An effective monthly budget monitoring process is in place to assist 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 <p>Optimising achievement of intended outcomes</p>

Core Principle	Sub-Principle
	<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 • Performance reporting in place for finance and key operations • Use of external contractors to deliver priority services • Contracted use of expertise from other local authorities e.g. Section 151 Officer and Chief Audit Executive during 2018/19 • Use of expertise in CP&RSLP • Contract Procedure Rules are in the course of revision to address issues identified during 2017/18 and to maximise a value for money approach to procurement
	<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 and licensing appeals • Roles and responsibilities detailed in Constitution, including Codes of Conduct • Ad hoc training as required e.g. on implementation stages of GDPR and procurement following audit findings in 2017/18. • Member and Officer induction procedures are in place • 360° feedback has recently been undertaken for the Managing Director and Strategic Director. They have made a commitment to undertake some development with the rest of the Leadership Team during this financial year. Those in professional roles undertake Continuous Professional Development in line with their training requirements. • The People Plan (Organisational Development Plan) will be updated during 2019/20 to reflect the training and development offer to staff to support the roll out of the Connect transformation programme. • Support is in place for Officers to attend relevant training where appropriate

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Appraisal procedures were in place during 2018/19 for Officers of all levels with individual objectives linked to service plans, themselves linked to corporate objectives, and corporate values.-A new and improved appraisal tool is being developed during 2019/20 using the latest software available. In the meantime, officers are expected to all undertake annual appraisals using the existing Excel document. This is not monitored centrally but the commitment to undertake and monitor is taken by each Assistant Director. • Procurement training was rolled out for all staff during 2018/19 following issues identified in internal audit work of 2017/18

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"> • Risk management framework is in place that is renewed annually and approved by Audit Committee. This was last done in April 2018. • 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 2018/19 this was April and November. • There was a strategic risk review carried out by one of the Council’s insurers during 2018/19. The assessment identified a good understanding of risk management and processes in place. Recommendations were agreed to enhance this area • Work is under way to develop an effective set of contract risk registers • Project risk registers will fall under the scrutiny of the PMO as part of the support provided following its relaunch during 2018/19 • Service Area Risk Registers are considered generally fit for purpose although several require detailed review. This aspect was reviewed in internal audit work in 2018/19. • 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. • Work is under way in developing a structured contract management approach, which will include risk management and functional business continuity arrangements • Business resilience and continuity arrangements were identified as requiring further development and work in this area relating to service-specific planning is under way. Particular consideration will

Core Principle	Sub-Principle
	<p data-bbox="624 233 1066 268">also be given to ICT resilience.</p> <p data-bbox="562 272 920 308">Managing performance</p> <ul data-bbox="577 312 2029 464" style="list-style-type: none"> <li data-bbox="577 312 2029 347">• A revised Performance Framework detailing roles and responsibility was approved in January 2019 <li data-bbox="577 352 1738 387">• Budget monitoring procedures and financial reporting are in place (Principle D) <li data-bbox="577 392 1632 427">• Project Management Dashboard developed in 2018/19 for use by PMO <li data-bbox="577 432 1543 467">• Reports to Council or Committees on key issues throughout year <p data-bbox="562 472 920 507">Robust internal control</p> <ul data-bbox="577 512 2029 1257" style="list-style-type: none"> <li data-bbox="577 512 2029 616">• The Review Committee carries out the 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 a report on its work to Council. <li data-bbox="577 620 2029 724">• 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. <li data-bbox="577 729 2029 833">• 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 2018/19 was approved by the Audit Committee in April 2018. <li data-bbox="577 837 2029 873">• The Internal Audit function is considered compliant with the Public Sector Internal Audit Standards <li data-bbox="577 877 2029 959">• Where audit work identifies ineffective procedures or insufficient control, recommendations are made and are monitored for completion within reports to the Audit Committee through the year. <li data-bbox="577 963 2029 1067">• There are effective counter-fraud measures in place within Revenues & Benefits using the National Fraud Initiative and Pan-Essex data matching exercises to identify those with claims, discounts or exemptions they may not be entitled to. <li data-bbox="577 1072 2029 1176">• The Council's approach to counter-fraud is detailed in the Anti-fraud and Corruption Policy. This policy requires an update, which is underway, but it is generally considered fit for purpose. This is supported by a Whistle-blowing policy. This aspect was reviewed in internal audit work in 2018/19. <li data-bbox="577 1181 2029 1257">• An Annual Governance Statement is approved by Audit Committee before inclusion in Annual Report. <p data-bbox="562 1262 792 1297">Managing data</p> <ul data-bbox="577 1302 2029 1370" style="list-style-type: none"> <li data-bbox="577 1302 2029 1370">• Implementation of GDPR in May 2018. Work still required on Asset Information Registers, Service Area Privacy Notices and controls over non-digital data. Procedures for dealing with data breaches

Core Principle	Sub-Principle
	<p>and subject access requests appear effective. Data Protection and Information Management documents were produced to support the GDPR implementation. Internal Audit reviewed GDPR implementation in 2018/19</p> <ul style="list-style-type: none"> • The Council participates in the Whole of Essex Information Sharing Forum. • Appropriate measures are in place for accessing / sharing data with organisations such as Department for Work and Pensions and Driver and Vehicle Licensing Agency. • Output of key financial systems is reviewed during relevant audit engagements. Key financial systems reviewed by Internal Audit in 2018/19 were, Creditors, Treasury Management, and Main Accounting. • Access controls to the Council's ICT Network and key financial systems were reviewed in Internal Audit work during 2018/19. <p>Strong public financial management</p> <ul style="list-style-type: none"> • External Audit review of financial management and Value for money resulting in an Annual report. The unqualified report for 2017/18 was presented to the Audit Committee in July 2018 • MTFS and budget setting process (Principle C) • Budget monitoring and reporting process (Principle C) • Council and Committee Reports available on CMIS

Core Principle	Sub-Principle
<p>Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>Implementing good practice in transparency</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 process for dealing with freedom of information requests and subject access requests • A range of policies and procedures are amongst items published on website. • The Council is generally compliant with the Transparency Code and there is a work in progress to develop a dedicated web page. • The Contract Register and Council spend records are available on the website for public scrutiny • Agenda, reports and minutes for majority of Council and Committee items are available on Website <p>Implementing good practices in reporting</p> <ul style="list-style-type: none"> • Common format for Council and Committee Reports (CMIS)

Core Principle	Sub-Principle
	<ul style="list-style-type: none"> • Audit reports, both Internal and External are publicly available (CMIS) • The Council meets timescales for statutory reporting including Annual Accounts and Annual Governance Statement <p>Assurance and effective accountability</p> <ul style="list-style-type: none"> • 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 any relevant officer to attend to clarify matters • The terms of the Audit Charter permit direct access to the Audit committee by the Chief Audit Executive if deemed necessary.

4. DEALING WITH LAST YEAR'S KEY IMPROVEMENT AREAS

The following table sets out the matters arising from the 2016/17 annual review of governance and how they have been addressed in 2017/18.

What We Said We Would Do in 2017/18	Progress
<p>ICT Migration</p> <p>Migration project has been identified as a gold project. Project plan with payment milestones is in place and will be completed by end of July 2018.</p> <p>By that time all old version servers will have been updated and migrated and at that point the Council can submit an application for accreditation for compliance with the Public Sector Network ICT security requirements</p>	<p>A significant number of servers have been migrated to the Azure Cloud with three awaiting application provider specifications to enable configuration</p> <p>There has been a significant movement in moving to the Office 365 platform with all Members and around 80 staff completed</p> <p>An application has been made to the Public Sector Network requesting accreditation</p>
<p>Implementation of General Data Protection Regulations (GDPR)</p> <p>An implementation plan is in place in accordance with the ICO guidance and recommendations. Work is ongoing to ensure compliance with the new regulations.</p>	<p>The requirements of GDPR were significantly implemented during 2018/19. Key mechanisms of implementing procedures for reporting potential data breaches are in place along with provision of information in cases of subject data request.</p> <p>Work is still required to complete rollout of service area privacy notices.</p>
<p>Ensuring financial resilience given planned future changes in Central Government funding. Ensuring effective processes to identify and then deliver required savings.</p> <p>A continued focus is needed on firming up the current plans to deliver savings, generate income and progress investment opportunities, as there remains a projected c£1m gap in 2019/20, rising to £1.8m in 2022/23</p>	<p>The financial planning process for 2019/20 has taken place in an environment of significant pressures on services, and inflationary pressures. Despite these challenges the Council has identified a programme of savings that will enable it to deliver a balanced budget in 2019/20. There remains a projected budget gap of c£1m by 2023/24 for which savings plans will need to be developed.</p> <p>The financial planning process considers the strategic context</p>

What We Said We Would Do in 2017/18	Progress
<p>This will be reliant, to a large extent, on the Project Lead to identify savings and the Programme Management Office to track delivery of cashable benefits from key projects such as Transformation, Asset Maximisation and Homelessness in the lead up to the 2019/20 budget setting process, as well as cross-service peer review challenges to find further efficiencies within service areas.</p> <p>The future funding position will also continue to be closely monitored to ensure the latest intelligence is used in any financial planning.</p>	<p>for the district, medium-term resource projections, and the quantification of new pressures on resources, and the identification of potential budget savings and efficiencies, including income generation.</p> <p>At Member level, budget discussion has taken place to share information and provide national and local context. Portfolio holders have been engaged and feedback from the budget survey has been taken into consideration.</p> <p>Work has been progressed during 2018/19 on longer-term projects will support the Council's MTFS as set out below.</p> <p>Asset Strategy Project:</p> <p>The Council has progressed its 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 and the figures estimated at the Outline Business Case (OBC) stage are included in the medium-term capital expenditure forecasts, following approval of the OBC by Investment Board in February 2019.</p> <p>The Council's transformation plans will be developed in parallel with the Asset Delivery Programme through the interlinked "Connect" project which will look to deliver further efficiencies across the council. Further work will be completed for the Asset Strategy Full Business Case which be presented to Full Council later in 2019/20</p>

What We Said We Would Do in 2017/18	Progress
	<p>Homeless project: Increased prevention work has resulted in significant reduction in emergency accommodation placements. The forecasted year end position, as at the end of February based on the net spend for the wider Housing Options Service, will be 34% lower than the budgeted amount.</p>
<p>Delivery of Business Plan</p> <p>A Capital Assets Investment Strategy is under development. Key projects under the Plan will continue to be managed by project owners supported by the Project Management Office and overseen by the Investment Board</p>	<p>The Council's Asset Strategy (2018-2028) was developed through consultation with a Member Working Group, it sets out vision for the Council's Assets, lists the key strategic assets and the Council's objectives going forward. The strategy was noted by Investment Board.</p> <p>A refresh of the Council's Business Plan will be undertaken in 2019/20 to align with the MTFs and the key strategic projects on which the Council is focussing, including the Asset Delivery and Connect Programmes.</p>
<p>Continued development of a Health & Safety Culture</p> <p>The Health and Safety Action Plan continues to be delivered. Further policies will be brought forward, and training delivered.</p>	<p>The Council continues to make positive progress to embed a strong health and safety culture. Reports from the Health & Safety Officer are tabled at LT on a quarterly basis, setting out areas for further improvement and making recommendations. A Health & Safety Group has also been established with key officers across the authority.</p>
<p>Compliance with Homeless Reduction Act 2017. New legislation coming into force 2018/19</p> <ul style="list-style-type: none"> Implementation of new homeless software to ensure compliance with new government returns and legislative 	<ul style="list-style-type: none"> EELGA review of Housing Options service completed, with positive endorsement of preventative and relief work approach and readiness for Homeless Reduction Act. New homeless review and new draft Housing & Homeless strategy completed August 2018. Consultation via new

What We Said We Would Do in 2017/18	Progress
<p>processes, including new housing personalised plans.</p> <ul style="list-style-type: none"> • Implementation of new prevention and relief duties. • Establish 'duty to refer' partnership pathways to Review Homeless Strategy. • Continue to work to increase interim / settled housing supply with partners. 	<p>homeless forum launched June 2018 more than 40 partners attended.</p> <ul style="list-style-type: none"> • New software live April 2018. Endorsed by the Ministry of Housing, Communities and Local Government (MHCLG) via successful completion of new government performance returns; H-Clic • Duty to refer - County wide referral process in place. Ongoing participation at County homeless and housing groups agreeing Essex wide protocols with partners e.g. 16-17 new protocol being piloted. • New joint MHCLG bid success to provide increased domestic abuse services locally to support preventative work. i.e. the South Essex Domestic Abuse Hub) • Supply work. Active Section 106 Housing project group - work with housing associations, local alms-house and developers. New long-term lease agreement in place with private developer for 11-bed accommodation unit. • Joint Rochford/Castle Point/National Landlords Association Private Landlord Forum Sept. 2018 & March 2019- engagement with private landlords & promotion of a local Council landlord offer. To indirectly increase supply in the private rental sector.

What We Said We Would Do in 2017/18	Progress
<p>Compliance with Contract Procedure Rules (CPR)</p> <p>An action plan has been introduced to avoid a future breach of the Council’s Contract Procedure Rules (CPR) or European Union (EU) Regulations, including the risk of not identifying aggregated spend over a course of smaller qualifying transactions and not formalising these into an EU compliant contract as required by the Council’s CPR.</p> <p>A particular risk is noted in relation to long-term employment of agency staff.</p> <p>Measures will include;</p> <ul style="list-style-type: none"> • Urgent training for senior management and other relevant officers • The introduction of a control mechanism to centrally identify and manage total agency spend • Formal reporting and warning of any possible breaches that are about to occur or have occurred (investigate the use of the procurement system to help identify possible issues). • Terminating the current agency agreements which have led to the breach and undertaking an EU compliant process to put in place new arrangements to procure agency staff in future 	<p>Contract Procedure Rules are to have a comprehensive review covering issues identified in various audit engagements as well as the specific area in respect of employment of agency staff.</p> <p>Training has been completed and measures have been put in place to monitor aggregated spend and reporting mechanisms are now in place to inform the Leadership Team.</p> <p>Agency staff use is still required to meet resource requirements in service areas, but a wider range of agencies is used, obtaining multiple quotations whilst a compliant framework arrangement is being developed</p>

5. GOVERNANCE AREAS TO BE DEVELOPED IN 2018/19

The review of the effectiveness of the Council's Governance Framework has identified the following actions that will need to be addresses during 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
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
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	Head of Finance
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
ICT Migration	The server migration process is nearing completion for those applications that can move	August 2019	ICT Business Support & Relationship

	onto RDC's Cloud. An alternative solution is being sought for those applications which it is not possible to move onto RDC's Cloud.		Manager
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

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**

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 2018/19, 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 2019, 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 2018/19

Index to the Statement of Accounts

	Page
Guide to the Financial Statements	46
Primary Financial Statements	
♦ Comprehensive Income and Expenditure Statement	48
♦ Balance Sheet	49
♦ Movement in Reserves Statement	50
♦ Cash Flow Statement	51
Notes to the Financial Statements	
1 Expenditure and Funding Analysis	52
2 Accounting Policies	53
3 Accounting Standards issued, not adopted	59
3A Critical Judgements in Applying Accounting Policies	59
4 Material Items of Income and Expenditure	59
5 Events after the Balance Sheet date	60
6 Assumptions made about the future and other major sources of estimation uncertainty	60
7a Note to the Expenditure and Funding Analysis	61
7b Adjustments between Accounting Basis and Funding Basis under Regulations	63
7c Expenditure and Income By Nature	65
8 Transfers to / from Earmarked Reserves	66
9 Other Operating Expenditure	66
10 Financing and Investment Income and Expenditure	66
11 Taxation and Non Specific Grant Incomes	66
12 Property, Plant and Equipment	67
12a Leases	69
13 Trust Funds	71
14 Intangible Assets	71
15 Financial Instruments	72
16 Short Term Debtors	74
17 Cash and Cash Equivalents	74
18a Short Term Creditors	75
18b Provisions	75
19 Reserves	76
20 Cash Flow Statement - Operating Activities	79
21 Cash Flow Statement - Investing and Financing Activities	79
22 Members Allowances	80
23 Officers Remuneration	81
24 External Audit Costs	83
25 Grant Income	83
26 Related Parties	84
27 Capital Expenditure and Capital Financing	84
28 Capital Commitments	84
28a Interests in Subsidiaries	85
29 Defined Benefit Pension Schemes	87
30 Contingent Liabilities	89
Supplementary Statement and notes	
♦ Collection Fund Income and Expenditure Account	90
♦ Notes to the Collection Fund	91

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 2018/19 (the Code), which defines proper accounting practices for local authorities. The Code requires that the core financial statements and notes be prepared consistently with International Financial Reporting Standards (IFRS) as adopted for use in local government.

The 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.

Where applicable the accounts also show the Group Accounts position to reflect the Local Authority Trading Company Green Gateway.

The Council's Auditor for 2018/19 is Ernst and Young LLP.

The Primary Financial Statements

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

Comprehensive Income and Expenditure Statement (CIES)

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

For 2018/19, there is an overall reduction, after movements to Earmarked Reserves, in the General Fund balance of £79,747

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2019. 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 2019 the Authority has seen a net increase in its assets of £6m compared to the same time in the previous year. This comprises of increases in Non-Current Assets of £1.2m and Current Assets of £3.05m, an increase in the value of Current Liabilities of £0.479m and a decrease in the value of the pension liability of £2.7m.

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 2019, the Authority's cash balances had increased by £5m since 31 March 2018.

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 reproduced after the notes to the Primary Financial Statements.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/18					
Council			Group		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
1,545	(49)	1,496	1,545	(49)	1,496
941	(140)	801	941	(140)	801
2,112	(1,472)	641	2,048	(1,472)	577
1,056	(937)	119	1,120	(937)	183
4,831	(1,561)	3,269	4,716	(1,486)	3,230
19,854	(18,585)	1,269	19,854	(18,585)	1,269
3,748	(1,314)	2,434	3,748	(1,314)	2,434
<u>34,087</u>	<u>(24,058)</u>	<u>10,029</u>	<u>33,972</u>	<u>(23,983)</u>	<u>9,990</u>
		688			688
		877			875
		(11,720)			(11,718)
		<u>(126)</u>			<u>(165)</u>
					7
					<u>(157)</u>
		(1,702)			(1,702)
		22			22
		(3,812)			(3,812)
		<u>(5,492)</u>			<u>(5,492)</u>
		<u>(5,618)</u>			<u>(5,649)</u>

Continuing Operations

Leader	1,894	(21)	1,873	1,894	(21)	1,873
Finance	1,316	30	1,346	1,316	30	1,346
Enterprise	1,972	(1,584)	388	1,972	(1,584)	388
Planning	1,194	(810)	384	1,194	(810)	384
Environment	4,970	(1,717)	3,253	4,899	(1,663)	3,236
Governance	18,928	(17,757)	1,171	18,928	(17,757)	1,171
Community	4,655	(3,683)	972	4,655	(3,683)	972
Cost of Services	<u>34,929</u>	<u>(25,542)</u>	<u>9,387</u>	<u>34,858</u>	<u>(25,488)</u>	<u>9,370</u>
Other Operating Expenditure (Note 9)			1,198			1,198
Financing and Investment Income and Expenditure (Note 10)			768			768
Taxation and Non-Specific Grant Income (Note 11)			(12,057)			(12,055)
(Surplus) or Deficit on Provision of Services			<u>(704)</u>			<u>(719)</u>
Taxation of Group Entities						3
Group (Surplus) or Deficit on Provision of Services						<u>(716)</u>
Surplus or deficit on revaluation of non current assets						
Revaluation gains			(1,432)			(1,432)
Revaluation losses (chargeable to revaluation reserve)			163			163
Remeasurements of the net defined benefit liability/(assets) (Note 29)			(4,142)			(4,142)
Other Comprehensive Income and Expenditure			<u>(5,411)</u>			<u>(5,411)</u>
Total Comprehensive Income and Expenditure			<u>(6,115)</u>			<u>(6,127)</u>

2018/19					
Council			Group		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
1,894	(21)	1,873	1,894	(21)	1,873
1,316	30	1,346	1,316	30	1,346
1,972	(1,584)	388	1,972	(1,584)	388
1,194	(810)	384	1,194	(810)	384
4,970	(1,717)	3,253	4,899	(1,663)	3,236
18,928	(17,757)	1,171	18,928	(17,757)	1,171
4,655	(3,683)	972	4,655	(3,683)	972
<u>34,929</u>	<u>(25,542)</u>	<u>9,387</u>	<u>34,858</u>	<u>(25,488)</u>	<u>9,370</u>
		1,198			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>

Balance Sheet as at 31 March 2019

31 March 2018		31 March 2019	
Council £000s	Group £000s	Council £000s	Group £000s
47,870	47,870	49,110	49,111
	Property, Plant & Equipment (Note 12)		
453	453	436	436
	Intangible Assets (Note 14)		
	Software		
	Long Term Debtors		
3	3	2	2
	Mortgages		
48,326	48,326	49,548	49,548
	Long Term Assets		
-	-	7,650	7,650
	Short Term Investments (Note 15)		
	Non property investments excl cash equivalents		
4,674	4,674	2,627	2,655
	Short Term Debtors (Note 16)		
7,238	7,316	4,685	4,746
	Cash and Cash Equivalents (Note 17)		
11,912	11,990	14,962	15,051
	Current Assets		
(2,160)	(2,188)	(2,657)	(2,680)
(266)	(266)	(249)	(249)
	Short Term Creditors (Note 18)		
	Provisions (Note 18)		
(2,426)	(2,454)	(2,906)	(2,929)
	Current Liabilities		
	Long Term Creditors		
	Other Long Term Liabilities (Note 29)		
(31,662)	(31,662)	(28,999)	(28,999)
	Net pensions liability		
(252)	(252)	(665)	(665)
	Capital Grants Receipts In Advance		
(31,914)	(31,914)	(29,664)	(29,664)
	Long Term Liabilities		
25,897	25,948	31,940	32,005
	Net Assets		
11,084	11,135	12,598	12,663
	Useable Reserves		
14,813	14,813	19,342	19,342
	Unuseable Reserves (Note 19)		
25,897	25,948	31,940	32,005
	Total Reserves		

I certify that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2019 and the income and expenditure for the year then ended.

Signed:

Section 151 Officer

Dated:

Movement In Reserves Statement for year ending 31 March 2018 and 31 March 2019

	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 2017	1,333	4,961	1,415	608	8,317	11,963	20,281	21	20,302
Movement in reserves during 2017/18									
Surplus or (Deficit) on provision of services	126				126		126	30	156
Other Comprehensive Income & Expenditure						5,492	5,492		5,492
Total Comprehensive Income & Expenditure	126	-	-	-	126	5,492	5,618	30	5,648
Adjustments between accounting & funding basis under regulations (Note 7b)	2,604		(64)	94	2,633	(2,634)	(0)		(0)
Net Increase/Decrease before transfers to Earmarked Reserves	2,730	-	(64)	94	2,759	2,858	5,618	30	5,648
Transfers to/from Earmarked Reserves (Note 8)	(3,074)	3,074			-		-		
Increase/(Decrease) Movement in Year	(344)	3,074	(64)	94	2,759	2,858	5,618	30	5,648
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	6,040	13	6,054
Adjustments between accounting & funding basis under regulations (Note 7b)	807		49	28	884	(884)	0		0
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 carried forward	909	9,552	1,400	730	12,590	19,348	31,939	64	32,004

* 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 2019

2017/18			2018/19	
Council	Group		Council	Group
£000s	£000s		£000s	£000s
126	156	Net surplus or (deficit) on the provision of services	704	719
1,480	1,455	Adjust net surplus or deficit on the provision of services for non cash movements	3,993	3,962
(1,180)	(1,180)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(1,204)	(1,204)
425	431	Net (Outflow)/ Inflow from Operating Activities (Note 20)	3,493	3,477
732	732	Investing Activities (Note 21)	(6,818)	(6,818)
(1,298)	(1,298)	Financing Activities (Note 21)	771	771
<u>(141)</u>	<u>(135)</u>	<u>Net increase or (decrease) in cash and cash equivalents</u>	<u>(2,554)</u>	<u>(2,569)</u>
7,379	7,451	Cash and cash equivalents at the beginning of the reporting period	7,239	7,316
7,239	7,316	Cash and cash equivalents at the end of the reporting period	4,686	4,746

Notes to the Core Financial Statements

Note 1 EXPENDITURE AND FUNDING ANALYSIS

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

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

2017-18			2018-19			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
1,470	25	1,496	Leader	1,691	183	1,875
786	15	801	Finance	1,413	-67	1,347
519	121	641	Enterprise	174	214	388
107	12	119	Planning	249	135	383
2,667	603	3,269	Environment	2,558	695	3,253
1,183	85	1,269	Governance	914	257	1,171
1,742	692	2,434	Community	899	73	972
8,476	1,553	10,029	Net cost of services	7,898	1,491	9,388
(11,204)	1,049	(10,155)	Other Income and Expenditure	(9,408)	(684)	(10,092)
(2,728)	2,602	(126)	Surplus or Deficit	(1,510)	807	(704)
(6,294)			Opening General Fund Balance including Earmarked Reserves	(9,024)		
			Adjustment to opening balance	73		
(2,730)			Plus Surplus on General Fund in Year	(1,437)		
(9,024)			Closing General Fund Balance including Earmarked Reserves at 31st March 2019	(10,461)		

2. ACCOUNTING POLICIES

These policies were reviewed; and changes made to the Financial Instruments policy due to the implementation of IFRS 9, and to the UELs of assets used for depreciation due to recommendations provided by external valuers as part of the annual valuation exercise.

2.1 GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. 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 2018/19, supported by the International Financial Reporting Standards (IFRS).

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

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.
- 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 (REFCUS)

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

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.

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 2019/20 are as follows:

- **Amendments to IAS 40 Investment Property: Transfers of Investment Property.** The Authority does not hold any investment property or have current plans to make any relevant transfers, therefore there would not be any impact on the authorities statements at this time.
- **Annual Improvements to IFRS Standards 2014 - 2016 Cycle** - This includes scope for clarification for Group Accounts disclosures relating to Non-current Assets Held for Sale and Discontinued Operations, this is not currently applicable to the Authorities Financial Statements.
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** - The Authority do not deal in foreign currency transactions, therefore there is no impact on the Financial Statements.
- **IFRIC 23 Uncertainty over Income Tax Treatments.** - The trading company is not prepared under International Financial Reporting Standards, therefore there is no impact on the the Authority's financial statements.
- **Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation** - This has no impact on the Authority's Financial Statements.

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. 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 2019.

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 Section151 Officer on 31 May 2019. Events taking place after this date up until the date of Committee approval are reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 March 2019, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. There were no events after the Balance Sheet date to report.

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

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

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

Item	Uncertainties	Effect if Actual Results differ from Assumptions
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 18/19, all significant assets were revalued at year end therefore the annual depreciation charge for buildings would only increase by £3,000 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 £436k.
Pensions Liability	Estimation of net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the authority with expert advice about the assumptions applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.454m. Details of Pensions Assets and Liabilities Recognised in the Balance Sheet are shown in Note 29.
Bad Debt Provision	The provision is based on a calculation of previous years' outstanding debts and is therefore based on historical information.	The amount of revenue recognised in the accounts will be incorrect and the level of assets recorded in the balance sheet will be incorrect. A movement in the level of the provision of 5% equates to approximately £64k.
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 ratable 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.	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 £12,000 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 2018/19			
	Adjustments for Capital Purposes *	Net change for the Pensions Adjustments **	Other Differences ***	Total Adjustments
	£000	£000	£000	£000
Leader	2	176	6	183
Finance	71	-135	(3)	-67
Enterprise	123	93	(3)	214
Planning	0	126	9	134
Environment	633	65	(3)	695
Governance	12	248	(4)	256
Community	-41	117	(2)	73
Net Cost of Services	800	690	(0)	1,490
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

***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, these are an item of capital expenditure moved to revenue, and IFRS 15 amendments for planning income to recognise the timing of contractual obligations when recognising.

**Adjustments between Funding and Accounting Basis
2017/18**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Leader	2	23	0	25
Finance	-	12	3	15
Enterprise	105	13	3	121
Planning	-	13	-1	12
Environment	592	8	3	603
Governance	37	36	13	85
Community	673	16	3	692
Net Cost of Services	1,409	121	23	1,553
Other income and expenditure from the Expenditure and Funding Analysis	(704)	910	842	1,048
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	705	1,031	866	2,601

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

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)		
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

2017/18	Useable Reserves			Movement in Unuseable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:	£000s	£000s	£000s	£000s
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement:				
Charges for depreciation of non current assets and amortisation of intangible assets.	(1,402)			1,402
Revaluation losses on Property, Plant and Equipment	(7)			7
Capital grants and contributions applied	419			(419)
Revenue expenditure funded from capital under statute	(539)			539
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	94		(94)	
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	5	(5)		
Use of Capital Receipts Reserve to finance new capital expenditure		798		(798)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	725	(725)		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(3)		3
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,034)			1,034
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	(842)			842
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	(23)			23
Total Adjustments:	(2,604)	64	(94)	2,634

Note 7c Expenditure and Income Analysed By Nature

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	<u>(17,006)</u>
Total Income	<u>(37,621)</u>
Employee Expenses	7,776
Other service expenses	10,805
Housing Benefit	16,365
Gain on Disposal of Fixed Asset	(288)
Depreciation, amortisation and impairment	773
Precepts & Levies	1,486
Total Expenditure	<u>36,917</u>
(Surplus) or deficit on the provision of services	<u>(704)</u>

2017/18

Reconciliation to Subjective Analysis 2017/18	Total £000's
Fees, Charges & other service income	(6,287)
Interest and Investment income	(33)
Taxation and Non Specific Grant Income	(11,720)
Government grants and contributions	<u>(17,629)</u>
Total Income	<u>(35,670)</u>
Employee Expenses	7,671
Other service expenses	8,672
Housing Benefit	17,101
Support Service recharges	-
Gain on Disposal of Fixed Asset	(730)
Depreciation, amortisation and impairment	1,411
Precepts & Levies	1,419
Payments to Housing Capital Receipts Pool	-
Interest Payment	-
Total Expenditure	<u>35,544</u>
(Surplus) or deficit on the provision of services	<u>(126)</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 2018/19

	Balance at 1 April 2017 £000s	Transfers Out 2017/18 £000s	Transfers In 2017/18 £000s	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
General Fund:								
Corporate	2,255	(144)	978	3,089	1,004	(670)	1,114	4,537
Housing	69	(29)	413	454	-	(39)	216	631
IT Strategy	323	(80)	21	264	-	(69)	59	254
Projects	2,313	(533)	2,448	4,228	(1,005)	(368)	1,275	4,130
Total	4,960	(786)	3,860	8,035	(1)	(1,146)	2,664	9,552

* 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

2017/18 £000s			2018/19 £000s	
1,419		Parish council precepts	1,486	
-		Payments to the Government Housing Capital Receipts Pool	0	
(730)		(Gains) from other capital receipts	(288)	
688		Total	1,198	

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2017/18			2018/19	
Council £000s	Group £000s		Council £000s	Group £000s
910	910	Pensions - net interest on defined liability (Note 28)	789	789
(33)	(34)	Interest receivable and similar income	(96)	(95)
-	-	- Amortisation of Financial Instruments	75	75
877	876	Total	768	769

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2017/18 £000s			2018/19 £000s	
(8,059)		Council tax income	(8,470)	
(2,120)		Non domestic rates income and expenditure	(2,463)	
(1,323)		Non-ring fenced government grants	(898)	
(218)		Capital grants and contributions	(226)	
(11,720)		Total	(12,057)	

12. PROPERTY, PLANT & EQUIPMENT

Movement in Balances

2018/19	Operational			
	Other Land & Buildings £000s	Community Asset £000s	Vehicles, Plant, Furniture & Equipment £000s	Total £000s
Balance at 1 April 2018	43,090	3,625	3,433	50,148
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 (CIES)	51	-	-	51
Revaluation loss (CIES)	(62)	-	-	(62)
				-
Gross book value as 31 March 2019	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 2019	(368)	-	(1,776)	(2,144)
				-
Net book value of assets at 31 March 2019	43,598	3,822	1,697	49,117
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

Depreciation

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

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 2018. They also supplied the Authority with a Market Review of its properties as at 31st March 2019. The Market Review informed the Authority that buildings valued at Depreciated Replacement Cost (DRC) had increased in value. Rochford applied the percentage increases of 5% 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	Total £000s
Carried at historical cost	342	3,833	3,472	7,647
Valued at current value as at: 31-Mar-19	34,885	-	-	34,885
31 March 2018	2,090	1,036	-	3,126
31 March 2017	3,927	-	-	3,927
31 March 2016	2,364	-	-	2,364
31 March 2015	422	-	-	422
Total Cost or Valuation	44,031	4,869	3,472	52,371

Comparative Figures for 2017/18	Operational			Total £000s
	Other Land & Buildings £000s	Community Assets £000s	Vehicles, Plant, Furniture & Equipment £000s	
	Balance at 1 April 2017	41,944	3,585	
Adjustment for prior year				-
Additions	204	40	74	318
Disposals			(19)	(19)
Revaluation Gain (Revaluation Reserve)	1,038	-	-	1,038
Revaluation loss (Revaluation Reserve)	(22)	-	-	(22)
Revaluation loss (CI&E)	(75)	-	(94)	(169)
				-
Gross book value as 31 March 2018	43,090	3,625	3,433	50,148
Depreciation				-
Accumulated depreciation	(977)	-	(836)	(1,813)
				-
Depreciation for year	(801)	-	(560)	(1,362)
Depreciation written back on disposal & revaluation	769	-	102	871
Balance at 31 March 2018	(1,009)	-	(1,294)	(2,303)
Net book value of assets at 31 March 2018	42,081	3,625	2,138	47,844
This balance is made up of:				
Gross book value	41,944	3,585	3,472	49,001
Movement	1,145	40	(39)	1,146
Accumulated depreciation	(1,009)	-	(1,294)	(2,303)
	42,081	3,625	2,138	47,844

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 2018	31 March 2019
	£'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	536	366
Total	1,071	901

**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 2018	31 March 2019
	£'000s	£'000s
Not later than one year	53	43
Later than one year and not later than five years	141	130
Later than five years	224	165
Total	<u>418</u>	<u>337</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 2018/19 £12,493 contingent rents were receivable by the authority (2017/18 £13,889).

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 2018/19. The current outturn for the other two trusts are shown below. The Authority is the Custodian Trustees of the fixed assets and consequently these are not included on our Balance Sheet .

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

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

2017/18

Trust		Income £000s	Expenditure £000s	Assets £000s	Liabilities £000s
Dutch Cottage		5	5	316	4
Finchfield		60	47	2,002	1

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:

	2017/18 £000s	2018/19 £000s
Purchased Software Licences		
Accumulated Cost	1,003	1,337
Amortisations to 1 April	(844)	(884)
Balance at 1 April	159	453
Expenditure in year	334	79
Assets written back		(45)
Amortisation		(96)
Amortisation written off in year	(40)	45
Balance at 31 March	453	436
Comprising		
Accumulated Cost	1,337	1,371
Amortisations to 31 March	(884)	(935)

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 2019 £000
	Investments		Debtors		
	31 March 2018 £000	31 March 2019 £000	31 March 2018 £000	31 March 2019 £000	
Fair Value through profit or loss	-	2,500	-	-	2,500
Amortised Cost	7,238	9,835	2,143	2,215	12,051
Total Financial Assets	7,238	12,335	2,143	2,215	14,551

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		Total
	31 March 2018 £000	31 March 2019 £000	31 March 2019 £000
Amortised Cost	1,124	1,699	1,699
Total Financial liabilities	1,124	1,699	1,699

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 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 2019 £000s	Historical experience adjusted for market conditions at 31 March 2018	Estimated maximum exposure to default and uncollect- ability at 31 March 2018 £000s
Fair Value through Profit and Loss investments	2,500	0.04%	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 2017/18 £000s	Surplus or Deficit on the provision of Services 2018/19 £000s
Financial Assets measured at fair value through profit and loss	33	34
Financial Assets measured at Amortised Cost	33	63
Total Income in Surplus/Deficit on the provision of services	33	97
Net gain/(loss) for the year	33	97

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

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

	31 March 2018 £000s	31 March 2019 £000s
Less than 43 days	160	48
43-63 days	5	9
64-84 days	65	4
Greater than 84 days	161	174
Total	391	235

Amounts not yet due are £698,986 for 2018/19 (£67,365 for 2017/18)

Liquidity Risk

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

All trade and other payables are due to be paid in less than one year. The Authority remained debt free in 2018/19.

Market Risk

Interest Rate Risk

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

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

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

16. SHORT TERM DEBTORS COMPRISE:

	2017/18 Council £000s	2017/18 Group £000s	2018/19 Council £000s	2018/19 Group £000s
Trade Receivables	362	362	716	716
Prepayments	229	229	42	42
Other receivable amounts	4,083	4,083	1,868	1,896
Total	4,674	4,674	2,627	2,655

Debtors for local taxation

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

	31 March 2018 £000	31 March 2019 £000
Less than 12 Months	137	200
Greater than 12 months	206	211
Total	343	411

17. CASH AND CASH EQUIVALENTS

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

31 March 2018		31 March 2019	
Council £000s	Group £000s	Council £000s	Group £000s
1	1	1	1
	Cash held by the Authority		
-	- Cash Equivalents	2,500	2,500
7,237	7,315	2,184	2,245
	Bank Current Accounts		
7,238	7,316	4,685	4,746
	Total Cash and Cash Equivalents		

18A. SHORT TERM CREDITORS COMPRISE

	2017/18 Council £000s	2017/18 Group £000s	2018/19 Council £000s	2018/19 Group £000s
Trade Payables	(1,041)	(1,069)	(1,636)	(1,659)
Other Payables	(1,118)	(1,118)	(1,021)	(1,021)
Total	(2,160)	(2,187)	(2,657)	(2,680)

18B. PROVISIONS - Business Rates

2017/18 £000		2018/19 £000
223	Balance at 1 April	266
43	Net movement for business rate appeals in	(17)
266	Balance at 31 March	249

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 2018		31 March 2019
£000		£000
(19,064)	Revaluation Reserve	(20,193)
(1,112)	Reserve for Land not previously capitalised	(1,112)
(27,354)	Capital Adjustment Account	(27,478)
	Deferred Capital Receipts Reserve	
31,662	Pensions Reserve	28,999
969	Collection Fund Adjustment Account	354
83	Accumulated Absences Account	64
<u>(14,813)</u>	Total Unuseable Reserves	<u>(19,363)</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.

2017/18		2018/19
£000s		£000s
<u>(17,534)</u>	Balance at 1 April	<u>(19,064)</u>
	Historical balance correction	152
	Revised Opening Balance	<u>(18,912)</u>
(1,715)	Upward revaluation of assets	(1,432)
<u>22</u>	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	<u>163</u>
<u>(1,693)</u>	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<u>(1,270)</u>
163	Difference between fair value depreciation and historical cost depreciation	11
<u>-</u>	Accumulated gains on assets sold or scrapped	<u>-</u>
<u>163</u>	Amount written off to the Capital Adjustment Account	<u>(11)</u>
<u>(19,064)</u>	Balance at 31 March	<u>(20,193)</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.

2017/18		2018/19
£000s		£000s
<u>(27,941)</u>	Balance at 1 April	<u>(27,354)</u>
	Historical Balance Correction	(152)
	Revised Opening Balance	<u>(27,506)</u>
1,362	Charges for depreciation and impairment of non-current assets	664
15	Revaluation losses on Property, Plant & Equipment	12
40	Amortisation of intangible assets	96
539	Revenue expenditure funded from capital under statute	1,257
13	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>(163)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(11)</u>
<u>1,805</u>	Net written out amount of the cost of non-current assets consumed in year	<u>2,018</u>
	<u>Capital financing applied in the year:</u>	
(798)	Use of the Capital Receipts Reserve to finance new capital expenditure	(239)
(356)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(1,413)
(63)	Application of grants to capital financing from the Capital Grants Unapplied Account	(51)
-	Capital expenditure charged against the General Fund balances	(287)
<u>(1,217)</u>		<u>(1,990)</u>
<u><u>(27,354)</u></u>	Balance at 31 March	<u><u>(27,478)</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.

2017/18		2018/19
£000s		£000s
34,440	Balance at 1 April	31,662
	Actuarial gains or losses on pensions assets and liabilities	
(3,812)	Remeasurements of the net defined benefit liability	(4,142)
	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	
2,459		2,951
(1,425)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,472)
31,662	Balance at 31 March	28,999

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.

2017/18		2018/19
£000s		£000s
144	Balance at 1 April	969
	The authority's share of the Council Tax surplus/deficit on the fund at the preceeding year distributed in the year	
68	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	56
757		(671)
969	Balance at 31 March	354

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net surplus on the provision of services

Council		Group			Council	Group
2017/18	2017/18	2017/18	2017/18		2018/19	2018/19
£000s	£000s	£000s	£000s		£000s	£000s
126	156			Net Surplus on the Provision of Services	704	717
				<i>Non Cash movements</i>		
1,362	1,362			Depreciation	664	664
15	15			Downward Valuations	12	12
40	40			Amortisation	96	96
(288)	(306)			Movement in Creditors	340	329
0	0			Movement in Interest Debtors	(9)	(9)
(739)	(745)			Movement in Debtors	1,429	1,410
43	43			Movement in Provisions	(17)	(17)
1,034	1,034			Pension Liability	1,479	1,479
13	13			Carrying amount of non current assets, held for sale or derecognised	0	0
1,480	1,456			TOTAL	3,993	3,963
				<i>Investing / Financing Activities</i>		
(450)	(450)			Capital Grants credited to the surplus on the Provision of Services	(915)	(915)
(730)	(730)			(Gains) from other capital receipts	(288)	(288)
(1,180)	(1,180)			TOTAL	(1,203)	(1,204)
425	432			Net (Outflow)/ Inflow from Operating Activities	3,494	3,477

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

Council		Group			Council	Group
2017/18	2017/18	2017/18	2017/18		2018/19	2018/19
£000s	£000s	£000s	£000s		£000s	£000s
				Interest Received	(87)	(87)
(33)	(31)			Interest Paid	-	-
(33)	(31)			Total	(87)	(87)

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2017/18		2018/19
£000s		£000s
(652)	Purchase of property, plant and equipment, investment property and intangible assets	(605)
-	Purchase of short-term and long-term investments	(7,650)
1,384	Other receipts from investing activities	1,437
732	Net cash flows from investing activities	(6,818)

The cash flows for financing activities include the following items:

2017/18		2018/19
£000s		£000s
(1,298)	Council Tax and NNDR adjustments	771
(1,298)	Net cash flows from financing activities	771

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 itemised in Notes 16 and 18. This year there has been an inflow of cash, debtors has decreased by £1,182k and creditors increased by £710, these totalled £1,892 (Last year debtors increased by £712k and creditors reduced by £587k, both these outflows totalled £1,298k.)

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:

	2017/18 £000s	2018/19 £000s
Basic Allowance	163	165
Special Responsibility Allowance	119	119
Expenses	2	3
TOTAL	285	287

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

NAME	BASIC ALLOWANCE	Special Allowances £	Travel and Subsistence £	Total including Basic Allowance £	Total including Basic Allowance for 17/18 £
C I BLACK	-	-	-	-	3,359
J BURTON	4,250	3,125	-	7,375	7,375
L BUTCHER	4,250	1,868	-	6,118	13,072
C CANNELL	4,250	-	-	4,250	857
I CASSAR	-	-	-	-	3,005
M CARTER	4,250	257	-	4,507	6,375
N L COOPER	4,250	-	-	4,250	4,250
T G CUTMORE	4,250	21,250	-	25,500	25,500
R DRAY	4,250	2,550	-	6,800	4,675
D S EFDE	4,250	-	-	4,250	4,360
A H EVES	4,250	-	-	4,250	4,250
J R GOODING	4,250	1,919	-	6,169	4,813
J GRIFFIN	4,250	51	-	4,301	4,675
B HAZELWOOD	4,250	747	-	4,997	4,572
N HOOKWAY	4,250	2,125	-	6,375	6,375
M HOY	4,250	1,868	-	6,118	4,250
D HOY	4,250	-	-	4,250	4,250
K HUDSON	3,816	-	-	3,816	-
T R HUGHES	434	-	-	434	4,250
G J IOANNOU	4,250	8,500	252	13,002	12,892
M J LUCAS-GILL	4,250	425	274	4,949	4,853
J R LUMLEY	4,250	51	-	4,301	5,696
C MASON	4,250	-	12	4,262	4,250
E O K MASON	434	-	-	434	4,250
J R MASON	4,250	257	61	4,568	6,612
J MCPHERSON	3,816	-	-	3,816	-
D MERRICK	4,250	8,500	-	12,750	6,751
R MILNE	4,250	1,868	-	6,118	4,250
T E MOUNTAIN	4,250	-	-	4,250	4,250
J E NEWPORT	434	217	-	651	5,126
R A OATHAM	4,250	-	-	4,250	4,262
C A PAVELIN	3,816	-	-	3,816	-
C ROE	4,250	8,500	-	12,750	12,750
L SHAW	4,250	425	257	4,932	4,943
P SHAW	3,816	-	-	3,816	-
S SMITH	4,250	10,625	-	14,875	14,612
D SPERRING	4,250	1,827	-	6,077	13,175
C M STANLEY	4,250	1,868	-	6,118	4,250
M STEPTOE	4,250	12,750	1,366	18,366	17,602
I WARD	4,250	8,500	31	12,781	12,931
M WEBB	4,250	8,500	-	12,750	11,967
C A WESTON	4,250	2,382	59	6,691	8,016
A L WILLIAMS	4,250	8,154	374	12,778	6,785
S A WILSON	4,250	-	-	4,250	4,250
165,317	119,110	2,687	287,114	284,737	

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. This table does not include the S151 officer on secondment.

Salary Band	Number of employees	
	2017/18	2018/19
£		
50,000 - 54,999		
55,000 - 59,999	4	
60,000 - 64,999	4	4
65,000 - 69,999		1
70,000 - 74,999		
75,000 - 79,999		
80,000 - 84,999		
85,000 - 89,999		
90,000 - 94,999		2
95,000 - 99,999		
100,000 - 104,999		
105,000 - 109,999	1	
110,000 - 114,999		1
115,000 - 119,999		
215,000 - 219,999		
240,000 - 244,999		

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

Financial Year 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.

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	
	2017/18 £'000s	2018/19 £'000s	2017/18 £'000s	2018/19 £'000s
£100,001 - £150,000	-	1	-	105
Total cost included in bandings and in the CIES	0	1	0	105

Financial Year 2017/18

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	-	107,921	7	-	-	17,591	125,519
Executive Director (left on 11-07-17)	-	21,257	63	-	-	3,465	24,785
Strategic Director (started on 30-11-17)		29,453				4,801	34,254
Assistant Director Commercial Services	172	63,519				9,786	73,477
Assistant Director Community and Housing Services		58,631				9,557	68,188
Assistant Director Environmental Services		60,339				9,835	70,174
Assistant Director Planning Services (left on 03/07/16)							-
Assistant Director Planning & Regeneration (started on 31/10/16)		58,361	73			9,671	68,105
Head of Finance	86	48,563	165			7,930	56,744
Assistant Director Democratic Services		58,631				9,557	68,188
Assistant Director Legal Services		58,631	36			9,557	68,224
Assistant Director Customer, Transformational Services		61,207	17			9,977	71,201
Section 151 Officer on secondment		60,000					60,000

In addition to the figures above, the Executive Director earned £7,526 as the Returning Officer for the County and General Elections and the Managing Director earned £357 as the Returning Officer for a District By-Election.

24. EXTERNAL AUDIT COSTS

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

	2017/18 £000's	2018/19 £000's
Core Fee paid for External Audit Services	49	37
Additional Fee paid for Audit Services	16	
Core Fee paid for Certification of Grant Claims and Returns*	8	7
Additional Fee paid for Certification of Grant Claims and Returns	6	
Total	79	44

* The auditor of the 2018/19 grants work is BDO LLP

25. GRANT INCOME

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

	2017/18 £000's	2017/18 adj* £000's	2018/19 £000's
Credited to Taxation and Non Specific Grant Income			
Revenue Support Grant	44	44	-
NDR entitlement	2,120	2,120	2,463
New Homes Bonus	1,185	1,185	898
Hockley Woods Play Equipment	38	38	-
Empty Homes Grant	1	1	-
Transition Grant	95	95	-
Disabled Facilities Grant (unapplied)	94	94	-
S106 Grant	86	86	226
Total	3,662	3,662	3,587
Credited to services			
Disabled Facilities Grant	356	356	455
Council Tax Annex Grant	0	7	7
NNDR - New Burdens Grants	12	12	12
Discretionary Housing Payments New Burdens	0	0	5
LCTS Admin Set up Funding*	70	70	64
Housing Benefit Subsidy*	16,330	16,330	15,422
Housing Benefit Administration Subsidy	166	166	155
Housing Benefit / UC New Burdens	0	67	60
Individual Electoral Registration	0	14	11
Discretionary Housing Payments	0	141	131
Business Rates pool Admin Grant	84	84	86
Preventing Homelessness Grant	0	21	20
Homelessness Support Grant	0	3	3
National Community Clean Up	0	0	15
Flexible Homelessness Support	0	113	190
Transparency Code - New Burdens	0	8	8
Woodlands Improvement Grant	0	10	12
Local Authority Parks Improvement Funding	0	10	14
BREXIT Grant	0	0	17
Brownfield and PIPs LA New Burdens	0	0	7
Custom Build Grant	0	31	30
Air Quality Grant	0	100	844
Total	17,018	17,543	17,568

*On review for the 18/19 accounts, some grants were identified that hadn't been disclosed in the prior year.

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:

	2017/18 £000s	2018/19 £000s
Capital Grants Receipts in Advance		
IEG Grant	2	2
IER H'ware fund- receipt in advance	11	11

DCLG Recycling reward grant	35	35
Air Quality Grant	-	414
Land Release Funding	204	204
Total	253	666

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, including a £5,000 grant to Rayleigh Town Council. The total of members' allowances paid in 2018/19 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, of which Councillor Lumley is a Director and Chairman of Trustees. All grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants.

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 is an employee of Essex County Council, who works part time for Rochford District Council on secondment.

27. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2017/18 £000's	2018-19 £000's
Opening Capital Financing Requirement	777	777
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	334	79
Other Land & Buildings	204	353
Vehicles, Plant, Equipment & Furniture	74	104
Community Assets	40	197
Investment Property		
Revenue expenditure funded by capital	539	1,257
Total Capital Expenditure	1,191	1,990
Financed by:		
Useable Capital Receipts	798	240
Government & Other Grants	393	1,463
Revenue Contributions		287
Total Financing	1,191	1,990
Increase in underlying need to borrowing (unsupported by government financial	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

28. CAPITAL COMMITMENTS

At 31 March 2019, the Authority has committed to make £576k of capital expenditure through its purchase order system (£409k in 17/18). Of this £414k relates to the delivery of Vehicle Charging Points in Rochford District and on behalf of Basildon Borough Council.

Note 28a 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 £400 unpaid invoices due to the trading company by the Council (£3,870 2017-18) and of £12,260 unpaid invoices due to the Council by the trading company (£16,369 2017-18).

Comprehensive Income and Expenditure

The Council purchased grounds maintenance services from the trading company totalling £439,833 (£421,686 in 2017-18). The Trading Company paid the Council £69,585 for administrative services (£65,119 in 2017-18). 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 £16,873 (£37,407 in 2017-18). The draft summary accounts are as follows:

Green Gateway Trading (GM) Ltd	31 March 2018	31 March 2019
Statement of Profit or Loss	£	£
Sales	438,206	455,490
Cost of Sales	- 121,301	- 137,683
Gross Profit	<u>316,905</u>	<u>317,807</u>
Other Income	1,860	358
Overheads		
Salaries	183,825	195,355
Vehicle and equipment hire	62,510	75,037
Other Costs	35,023	30,900
	<u>281,358</u>	<u>301,292</u>
Profit before tax	<u>37,407</u>	<u>16,873</u>
Corporation Tax	<u>7,107</u>	<u>3,206</u>
Profit after tax	<u>30,300</u>	<u>13,667</u>

Green Gateway Trading (GM) Ltd

	31 March 2018	31 March 2019
Balance Sheet		
Current Assets	£	£
Trade Receivables	1,228	4,227
Amounts owed by group undertakings	1	1
Other Debtors	220	43
Prepayments	19,754	36,072
Cash in Bank	77,793	60,844
	<u>98,996</u>	<u>101,187</u>
Current Liabilities		
Trade Payables		
Accruals	27,438	19,648
Other taxation and social security	20,068	16,369
Other Creditors		13
	<u>47,506</u>	<u>36,030</u>
Total Assets	<u>51,490</u>	<u>65,157</u>
Financed by:		
Called up share capital	1	1
Profit and loss account	51,489	65,156
	<u>51,490</u>	<u>65,157</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.

29. 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. The next valuation will be 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	2017/18 £000's	2018/19 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(1,528)	(1,595)
Past Service costs	-	(545)
Administration Expenses	(21)	(22)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(910)	(789)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,459)	(2,951)
<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)	2,331	3,030
Other Actuarial Gains /(Losses) on Assets	-	-
Change in Financial Assumptions	1,481	(3,632)
Change in Demographic Assumptions	-	4,744
Experience Gain/(Loss) on Defined Benefit Obligation	-	-
Remeasurements	3,812	4,142
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	1,353	1,191
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	1,034	1,479
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme	1,425	1,472

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:

	2017/18 £000's	2018/19 £000's
Present Value of the defined benefit obligation	84,019	85,028
Fair value of plan assets	54,001	57,517
Net liability	30,018	27,511
Other movements in the liability/ (asset)	1,644	1,488
Net liability arising from defined benefit obligation	31,662	28,999

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

	2017/18 £000's	2018/19 £000's
Opening balance at 1 April	51,867	54,001
Interest on Assets	1,380	1,366
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	2,331	3,030
- Other Actuarial Gains /(Losses) on Assets	-	-
Employers' Contributions Including Unfunded	1,425	1,472
Member Contributions	272	294
Benefits Paid including Unfunded	(3,253)	(2,624)
Administration Expenses	(21)	(22)
Closing balance at 31 March	54,001	57,517

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

	2017/18 £000's	2018/19 £000's
Opening balance at 1 April	(86,307)	(85,663)
Current Service Cost	(1,528)	(1,595)
Interest Cost	(2,290)	(2,155)
Member Contributions	(272)	(294)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic Assumptions	-	4,744
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	1,481	(3,632)
- Experience Gains & (Losses)	-	-
Actuarial Gains & (Losses)	-	-
Past Service Costs Including Curtailments	-	(545)
Curtailments		
Benefits Paid	3,118	2,490
Unfunded Pension Payments	135	134
Closing balance at 31 March	(85,663)	(86,516)

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

	31 March 2018 £000's	31 March 2018 %	31 March 2019 £000's	31 March 2019 %
Equities	35,245	65%	35,809	62%
Government Bonds	3,592	7%	3,053	5%
Other Bonds	2,006	4%	3,362	6%
Property	5,122	9%	5,114	9%
Cash/Liquidity	1,857	3%	1,515	3%
Alternative Assets	3,989	7%	5,608	10%
Other managed funds	2,190	4%	3,056	5%
	54,001	100%	57,517	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 2019, the value of the Employer's liabilities calculated for the funding valuation as at 31st March 2016 have been rolled forward, using financial assumptions that comply with IAS19.

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

Sensitivity Analysis of major assumptions

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

Adjustment to:	Change by:	Present Value of Total Obligation £000's	Projected Service Cost £000's
Discount rate	0.0%	86,516	1,934
	0.1%	85,062	1,887
	-0.1%	87,998	1,982
Long-term salary increase	0.0%	86,516	1,934
	0.1%	86,647	1,934
	-0.1%	86,387	1,934
Pension increases and deferred revaluation	0.0%	86,516	1,934
	0.1%	87,865	1,982
	-0.1%	85,191	1,887
Mortality age rating assumption	None	86,516	1,934
	+1 Year	89,904	1,999
	-1 Year	83,259	1,871

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

30 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.

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2019**

Total 2017/18 £000's	Business Rates 2017/18 £000's	Council Tax 2017/18 £000's		Council Tax 2018/19 £000's	Business Rates 2018/19 £000's	Total 2018/19 £000's
£	£	£		£	£	£
Income						
(65,709)	(14,409)	(51,300)	Amounts Receivable (net of discounts and reliefs)	(54,462)	(15,644)	(70,106)
(65,708)	(14,409)	(51,299)	Total Income	(54,462)	(15,644)	(70,106)
Expenditure						
<u>Precepts and shares:</u>						
8,190	8,190	-	Central Government	-	8,474	8,474
37,380	1,474	35,906	Essex County Council	38,237	1,525	39,762
4,846	-	4,846	Police & Crime Commissioner for Essex	5,290	-	5,290
2,294	164	2,130	Essex Fire Authority	2,203	169	2,372
14,622	6,552	8,070	Rochford District & Parish/Town Councils	8,436	6,779	15,215
67,332	16,380	50,952		54,166	16,947	71,113
(333)	(333)		Transitional Protection Payment		(233)	(233)
63	63		Renewable Energy		47	47
<u>Impairment of Debts/Appeals</u>						
95	58	37	Write-offs of Uncollectable Amounts	28	10	38
244	196	47	Increase/ (Decrease) in Bad Debt Provision	202	(179)	23
109	109	-	Increase/ (Decrease) in Provision for Appeals	-	(44)	(44)
447	363	84		230	(213)	17
84	84	-	Charge to General Fund for Allowable NDR Collection Costs	-	86	86
<u>Distribution of Previous Year's Estimated Surplus/ (Deficit):</u>						
(9)	(9)	-	Central Government	-	(1,387)	(1,387)
300	(2)	302	Essex County Council	247	(250)	(3)
40	-	40	Police & Crime Commissioner for Essex	33	-	33
18	-	18	Essex Fire Authority	15	(28)	(13)
60	(8)	68	Rochford District Council	56	(1,110)	(1,054)
408	(20)	428		351	(2,775)	(2,424)
68,001	16,537	51,465	Total Expenditure	54,747	13,859	68,606
2,293	2,128	165	Movement on Fund Balance	285	(1,785)	(1,500)
(404)	850	(1,254)	Opening Fund Balance (surplus)/deficit	(1,089)	2,978	1,889
1,889	2,978	(1,089)	Closing Fund Balance (surplus)/deficit	(804)	1,193	389
2,293	2,128	165	Movement on Fund Balance	285	(1,785)	(1,500)

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 (£223.65 in 2018/19), was added to the basic amount due to the parish/town councils and the total was multiplied by the specified proportion to give an individual amount due. Precepts in respect of Essex County Council, Essex Police Authority and Essex Fire Authority were added to this figure.

2. Non-Domestic Rates (NDR)

NDR is organised on a national basis. The Government specified an amount of 48.0p in the £ of rateable value for small businesses in 2018/19 (46.6p in the £ for 2017/18) 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 2018/19 the baseline was set at £1,671,635. 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 £45.99m.

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 2019. 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 2017/18 £000s	Business Rates 2017/18 £000s	Council Tax 2017/18 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2018/19 £000s	Business Rates 2018/19 £000s	Total 2018/19 £000s
			Balances attributable to:			
1,074	1,074		Central Government	-	495	495
(329)	193	(522)	Essex County Council	(368)	89	(279)
(72)		(72)	Police & Crime Commissioner, Essex	(56)	-	(56)
(10)	21	(30)	Essex Fire Authority	(21)	10	(11)
744	859	(115)	Rochford District Council	(81)	396	315
			Redistribution due to:			
416	416		Central Government	-	102	102
(171)	75	(247)	Essex County Council	(197)	18	(179)
(33)		(33)	Police & Crime Commissioner, Essex	(27)	-	(27)
(6)	8	(15)	Essex Fire Authority	(11)	2	(9)
277	333	(56)	Rochford District Council	(44)	82	38
1,889	2,979	(1,090)	Closing Collection Fund Balance (Surplus)/Deficit	(805)	1,194	389

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

Total 2017/18 £000s	Business Rates 2017/18 £000s	Council Tax 2017/18 £000s	Share of Collection Fund Balance	Council Tax 2018/19 £000s	Business Rates 2018/19 £000s	Total 2018/19 £000s
1,021	1,192	(171)	Rochford District Council	(124)	478	354
868	1,787	(919)	Preceptors & Central Government	(680)	716	36
1,889	2,979	(1,090)		(804)	1,194	390

4. Uncollectable Debts.

Uncollectable debts of £28,423 (£37,080 - 2017/18) for Council Tax and £19,884.32 (£58,464 - 2017/18) for Non-Domestic Rates were written off in 2018/19.

5. Appeals Provisions - Business Rates

Total £000s 2017/18	Other Preceptors £000s 2017/18	Billing Authority £000s 2017/18	Share of Appeals Provisions	Billing Authority £000s 2018/19	Other Preceptors £000s 2018/19	Total £000s 2018/19
560	335	225	Balance at 1 April	266	400	666
106	65	41	Net movement for business rate appeals in year	(17)	(27)	(44)
666	400	266	Balance at 31 March	249	373	622

6. Calculation of the Council Tax

The Council Tax for Rochford residents for 2018/19 for an average Band D property was as follows:

	BAND D
	£
Parish/Town Councils	45.91
Rochford District Council	223.65
Essex County Council - General	1,143.09
Essex County Council - Social Care	78.66
Essex Fire and Rescue Authority	70.38
Police & Crime Commissioner	169.02
Total	1,730.71

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	829	6/9	553
B	2,332	7/9	1,814
C	9,722	8/9	8,642
D	9,332	1	9,332
E	4,526	11/9	5,532
F	2,250	13/9	3,250
G	1,234	15/9	2,057
H	69	18/9	138
Total			31,317
Equivalents			521
			31,838
Less Adjustment for Collection Rate			98.30%
Total Council Tax Base			31,297.10

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

Capital Expenditure

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

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.

Non Distributed Costs

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

Post Balance Sheet Events

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

Precept

The amount that councils/authorities (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.

Revenue Support Grant

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