
FINANCIAL STATEMENTS 2015/16

1 SUMMARY

- 1.1 This report presents the audited financial statements for 2015/16 for approval.
- 1.2 The external auditors, Ernst & Young, have now completed their audit of the statements. Their report on the audit is presented as a separate item to this meeting.
- 1.3 The Authority agrees a medium term financial strategy (MTFS) each year in February in order to produce a balanced budget, which maintains a suitable level of balances. An update to the MTFS was presented to the Executive on 15 July 2015. The forecast for general fund balances as at 31 March 2016 was estimated at £1,201,000 with a net addition to balances of £395,000. Following closure of the accounts, the Authority realised a final net addition to general fund balances of £369,974 resulting in a closing general fund balance of £1,175,974.

2 MEMBER QUESTIONS

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

3 SIGNING AND APPROVAL

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

4 ANNUAL GOVERNANCE STATEMENT

- 4.1 The annual governance statement, which forms part of the financial statements, was considered in detail by the Audit Committee on 21 June 2016 and will be signed by the Managing Director and Leader of the Council prior to final publication.

5 FINANCIAL STATEMENTS

- 5.1 The main highlights of the financial performance for 2015/16 are summarised below:-

- 5.2 The carried forward general fund balance as at 31 March 2015 was £806,000. For the financial year 2015/16 there was a net addition of £369,974 which increased the balance as at 31 March 2016 to £1,175,974.
- 5.3 There were a number of areas where the final outturn for the year was either above or below budget. The detailed variances were reported to the Executive on 13 July 2016, but the main variances were:-

Portfolio	Revised budget 2015/16	Actual 2015/16	Variance
Leader	1,351,400	1,467,869	116,469
Finance	1,358,200	1,255,913	(102,287)
Enterprise	559,600	358,924	(200,676)
Planning	216,500	132,952	(83,548)
Environment	2,912,300	2,874,168	(38,132)
Governance	1,083,500	1,020,615	(62,885)
Community	1,282,700	1,116,709	(165,991)
Total	8,764,200	8,227,150	(537,050)

- 5.4 The main areas that make up the favourable variance of £537,050 are:

- Accruals write backs of c£199,000. These were outstanding purchase orders carried forward in the accounts that are no longer required.
- Revenue from car park pay and display charges was c£55,000 higher than forecast.
- Maintenance and utility costs of the Council's assets were c£69,000 less than forecast. This is mainly due to the non essential maintenance plan being put on hold, pending a review of office accommodation.
- Income from planning applications produced c£83,000 more than forecast, mainly due to a number of large applications in the last quarter of 2015/16.
- Income from grave purchases was c£25,000 higher than forecast. The 2016/17 budget includes additional income forecast of £5,000; this may be increased during the 2016/17 financial year if the current trend continues.
- Due to an ongoing review of the Council's computer software licences, c£28,000 underspend was achieved against this budget, which has already been factored into the 2017/18 position.
- Income received from the Electoral Commission and use of an earmarked cost of elections reserve, meant that the cost of elections budget within 2015/16 was not required, saving c£70,000: as this is one-off in nature, this is not a cashable benefit for future years.

- 5.5 Council Tax Benefits were replaced in 2013/14 with the Local Council Tax Support scheme and any adjustments for benefits in previous years were borne by the local authority in 2015/16.
- 5.6 In the current economic climate the authority is continuing to maintain a close watch on the level of arrears and write-offs and only where all recovery action has failed, is a debt regarded as irrecoverable.
- 5.7 The main sources of capital receipts are from the sharing arrangements associated with right-to-buy sales established as part of the large scale voluntary transfer of the authority's housing stock.
- 5.8 Expenditure on the capital programme was £3.14m, compared to an estimate of £4.00m. Where necessary, underspends in the capital programme have been re-profiled into the 2016/17 capital programme. The expenditure was funded by £0.57m in grant, £1.27m capital receipts and £1.30m revenue balances.

What we spent:	Planned £000s	Actual £000s
Vehicles and Equipment	2,525	2,574
Leisure and Play Facilities	130	25
Disabled Housing and Adaptations	300	357
IT Infrastructure	385	89
Council Properties	651	80
Community Funding	17	17
Totals	4,008	3,142

- 5.9 Following the closure of the accounts, a revised capital programme was agreed by the Executive on 13 July 2016.

6 EARMARKED RESERVES

- 6.1 The Council 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 into 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 the expenditure.
- 6.2 The Committee is required to note the movement in earmarked reserves as shown below:-

	Balance at 31 March 2015 £000s	Transfer Out 2015/16 £000s	Transfer In 2015/16 £000s	Balance at 31 March 2016 £000s
General Fund				
Corporate	705	(167)	832	1,370
Housing	105	(4)	20	121
IT Strategy	4	(5)	270	269
Projects	798	(523)	884	1,159
Repairs and Maintenance	187	(187)	-	-
Total	1,799	(886)	2,006	2,919

7 MAJOR JUDGMENTS MADE

- 7.1 In the preparation of the accounts, the Section 151 Officer may be required to make judgments or use estimates. The types of judgment include asset life and depreciation methods. The main estimate is on the housing benefit subsidy. The figures included in the accounts are based on the draft end of year subsidy claim form, which is still subject to external audit checking, which will be completed in October.

8 CHANGES TO ACCOUNTING POLICIES

- 8.1 The financial statements are prepared in accordance with the Code. The Code interprets the accounting standards, such as international financial reporting standards (IFRS), published by the Accounting Standards Board. The Code also gives guidance on the wording to be used in the notes to the accounts and the layout of the financial statements.
- 8.2 There has been no change to accounting policies in 2015/16.

9 RISK IMPLICATIONS

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

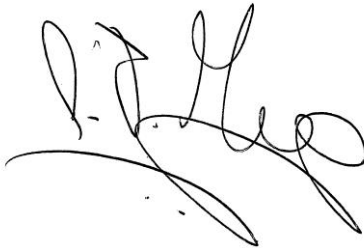
10 LEGAL IMPLICATIONS

- 10.1 It is a statutory requirement for the financial statements to be signed by the Responsible Financial Officer, by 30 June. The draft financial statements and balance sheet were signed and presented for audit on 29 June 2016. On conclusion of audit, the financial statements must be published by 30 September 2016.

11 RECOMMENDATION

11.1 It is proposed that the Committee **RESOLVES**

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



Rob Manning

Section 151 Officer

Background Papers:-

None.

For further information please contact Joseph Raveendran (Principal Accountant) on:-

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

ROCHFORD DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2015/16

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Further information about the accounts is available from:

Section 151 Officer
Council Offices
South Street, Rochford
Essex SS4 1BW

GUIDE TO THE FINANCIAL STATEMENTS

Authority's Published Accounts

The following items comprise Authority's Annual Financial Report:

Annual Governance Statement
The Statement of Accounts (Financial Statements and Notes to the Accounts)
Auditor's Report (at the conclusion of 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 2015/16 (the Code), which defines proper accounting practices for local authorities. The Code requires that the core financial statements and notes be prepared consistently with International Financial Reporting Standards (IFRS) as adopted for use in local government. The Code is revised every year but the current revision did not introduce any significant changes to the format or content of the accounts for 2015/16.

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.

Rochford District Council's Financial Statements comprise 5 Statements and their associated notes.

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.

The Authority's Auditor is Ernst and Young.

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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The CIES breaks down service costs into gross expenditure (exp.) and gross income (inc.).

For 2015/16, the Authority's movement in balances is a net contribution to unearmarked General Fund reserves of £369,974.

Balance Sheet

The Balance Sheet shows the value of the assets and liabilities recognised by the Authority as at 31 March 2016. 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 2016 the Authority has seen a net increase in its assets of £3.3m compared to the same time in the previous year. This comprise of increases in capital spend on Property, Plant & Equipment of £2.4m, short term investment & cash equivalents of £1.8m, and decreases in pension liability of £0.4m, short term creditors of 0.6m, short term debtors of 0.4m.

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 2016, the Authority's cash balances had increased by £1.80m since 31 March 2015.

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.

In Note 12 the Capital Expenditure incurred in the year has mainly been on vehicles, wheelie bins, community assets and Depot. In Note 14, capital expenditure incurred on IT software is shown. Other than Government Grants, the Authority's capital programme is funded by capital receipts and reserves.

Pension Liability

Details of the Authority's Pension Scheme can be found in Note 30 to these accounts. Although the Authority has a net liability to the scheme, this is managed in such a way so as to minimise the impact of the payments towards the liability on the Income and Expenditure of the Authority.

Financial information

Note 32 details the current Contingent Liabilities the Authority faces. There have not been any material write offs in the year. A provision has been created for the appeals lodged with the valuation office in respect of individual rateable values.

Up until the 30 June 2016 when these accounts were authorised to be audited, there were no post balance sheet items to be noted in the accounts.

In 2015/16 there has been a decrease of £0.4m in the total of all arrears, mainly due to reduction in monies owed by Government and other Local Authorities of £0.1m and trade and sundry debtors of £0.3m.

In the current economic climate, the Council is continuing to maintain a close watch on the level of arrears and write offs.

In 2015/16, the following amounts were written off compared to the amounts for 2014/15.

	2014/15 £	2015/16 £
Council Tax	35,283	37,173
Business Rates	106,740	145,908
Housing Benefits	35,995	13,813

As at 31 March 2016, the level of arrears has changed from the previous year as follows:

	2014/15 £	2015/16 £
Council Tax	1,634,043	1,601,733
Business Rates	439,022	290,541
Housing Benefits	1,244,568	1,395,100

Please note that the arrears figures shown above are total arrears, some of which will be borne by Central Government, and precepting authorities. The figures shown in the debtors note to the accounts are purely those relating to Rochford District Council.

Assumptions & Estimations

Assumptions about the future are made by the Pension Fund Actuary in calculating the relevant figures for the Pension Fund as a whole and for the accounts of this Authority. Note 30 sets out the main assumptions.

In setting the allowances for Bad Debts, the Authority takes into consideration the historical trends of outstanding debts of previous years.

I certify that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2016 and the income and expenditure for the year then ended.

The headline service expenditure compared to budgets can be found below.

General Fund - Net Expenditure Compared to Budget 2015/16

	Original Estimate £000s	Revised Estimate £000s	Actual Exp/(Inc) £000s	Variance Rev - Act £000s
Central Services	617	389	373	16
Cultural and Related Services	1,846	1,690	1,698	(8)
Environmental and Regulatory Services	2,892	2,650	2,787	(137)
Planning Services	1,576	851	933	(82)
Highways, Roads & Transport Services	(374)	(610)	(631)	21
Housing Services	1,826	1,056	1,168	(112)
Corporate & Democratic Core	1,630	1,732	2,073	(341)
Non Distributed Costs	894	2,239	888	1,351
Net Costs of Services	10,907	9,997	9,289	708
Collection Fund Adjustment	(103)	(103)	(103)	-
Staffing Strategy Savings	(200)		-	-
Target Efficiency Savings	(100)		-	-
Reversal of Capital Charges	(1,183)	(1,183)	(1,255)	72
Reversal of REFCUS Grants			222	(222)
IAS 19 Retirement Benefits			(679)	679
Reversal of absence accrual			(10)	10
Total	9,321	8,711	7,464	1,247
Interest Received	(52)	(52)	(35)	(17)
Capital expenditure financed from revenue balances			1,303	(1,303)
Contribution to/(from) reserves			1,120	(1,120)
General Fund Expenditure	9,269	8,659	9,852	(1,193)
Parish Precepts	1,209	1,209	1,293	(84)
General Fund Expenditure	10,478	9,868	11,145	(1,277)
Contribution To/(From) General Fund Balances	958	1,568	370	1,198
Government Grants not budgeted for			(79)	79
Amount to be met by Government Grant and Local Tax Payers	11,436	11,436	11,436	-

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2014/15			2015/16		
Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s	Gross Exp. £000s	Gross Inc. £000s	Net Exp. £000s
Continuing operations					
1,645	(946)	699	1,377	(1,004)	373
2,512	(386)	2,126	2,046	(348)	1,698
4,931	(1,653)	3,278	4,339	(1,552)	2,787
2,371	(667)	1,704	1,610	(677)	933
1,019	(1,314)	(295)	901	(1,533)	(631)
20,777	(19,312)	1,465	19,997	(18,829)	1,168
1,947	(9)	1,938	2,079	(6)	2,073
614	(141)	473	1,386	(498)	888
35,816	(24,428)	11,388	33,735	(24,446)	9,289
	1,164				974
	990				858
	(11,973)				(11,808)
	1,569	(Surplus) or Deficit on Provision of Services			(687)
		Surplus or deficit on revaluation of non current assets			
	(2,758)	Revaluation gains			(1,234)
	608	Revaluation losses (chargeable to revaluation reserve)			674
	4,001	Remeasurements of the net defined benefit liability/(assets) (Note 30)			(2,058)
	1,851	Other Comprehensive Income and Expenditure			(2,618)
	3,420	Total Comprehensive Income and Expenditure			(3,305)

Balance Sheet as at 31 March 2016

31 March 2015 £000s	31 March 2016 £000s
Restated	
35,702 Property, Plant & Equipment (Note 12)	38,083
119 Intangible Assets (Note 14) Software	191
Long Term Debtors	
9 Mortgages	4
35,830 Long Term Assets	38,278
1,508 Short Term Investments (Note 15)	-
2,944 Short Term Debtors (Note 16)	2,576
3,485 Cash and Cash Equivalents (Note 17)	5,280
7,937 Current Assets	7,856
(4,131) Short Term Creditors (Note 18)	(3,650)
(89) Provisions (Note 18)	(129)
(4,220) Current Liabilities	(3,779)
Other Long Term Liabilities (Note 30)	
(27,830) Net pensions liability	(27,344)
(59) Capital Grants Receipts In Advance	(48)
(27,889) Long Term Liabilities	(27,392)
11,658 Net Assets	14,963
4,926 Useable Reserves	5,262
6,732 Unuseable Reserves (Note 19)	9,701
11,658 Total Reserves	14,963

I certify that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2016 and the income and expenditure for the year then ended.

These financial statements replace the unaudited financial statements certified by Section 151 Officer on 29 June 2016

Signed:

Section 151 Officer

Dated:

Movement In Reserves Statement for year ending 31 March 2015 and 31 March 2016

	General Fund Balance	Earmarked GF Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total useable Reserves	Unuseable Reserves (Note 19)	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2014	994	2,169	2,092	305	5,560	9,518	15,078
Movement in reserves during 2014/15							
Surplus or (Deficit) on provision of services	(1,569)				(1,569)		(1,569)
Other Comprehensive Income & Expenditure						(1,851)	(1,851)
Total Comprehensive Income & Expenditure	(1,569)	-	-	-	(1,569)	(1,851)	(3,420)
Adjustments between accounting & funding basis under regulations (Note 7)	1,011		(479)	403	935	(935)	
Net Increase/Decrease before transfers to Earmarked Reserves	(558)		(479)	403	(634)	(2,786)	(3,420)
Transfers to/from Earmarked Reserves (Note 8)	370	(370)					
Increase/(Decrease) Movement in Year	(188)	(370)	(479)	403	(634)	(2,786)	(3,420)
Balance at 31 March 2015	806	1,799	1,613	708	4,926	6,732	11,658
Movement in reserves during 2015/16							
Surplus or (Deficit) on provision of services	687				687		687
Other Comprehensive Income & Expenditure						2,618	2,618
Total Comprehensive Income & Expenditure	687	-	-	-	687	2,618	3,305
Adjustments between accounting & funding basis under regulations (Note 7)	803		(945)	(209)	(351)	351	(0)
Net Increase/(Decrease) before transfers to Earmarked Reserves	1,490	-	(945)	(209)	336	2,969	3,305
Transfers to/from Earmarked Reserves (Note 8)	(1,120)	1,120			-		-
Increase/(Decrease) Movement in Year	369.974	1,120	(945)	(209)	336	2,969	3,305
Balance at 31 March 2016 carried forward	1,175.974	2,919	668	499	5,262	9,701	14,963

Cash Flow Statement for year ending 31 March 2016

2014/15

2015/16

£000s	£000s
(1,569) Net surplus or (deficit) on the provision of services	687
2,217 Adjust net surplus or deficit on the provision of services for non cash movements	2,368
Adjust for items included in the net surplus or deficit on the provision of services that are investing and (837) financing activities	(593)
(189) Net (Outflow)/ Inflow from Operating Activities (Note 20)	2,462
735 Investing Activities (Note 21)	(684)
(702) Financing Activities (Note 21)	17
(156) <u>Net increase or (decrease) in cash and cash equivalents</u>	1,795
3,641 Cash and cash equivalents at the beginning of the reporting period	3,485
3,485 Cash and cash equivalents at the end of the reporting period	5,280

Notes to the Core Financial Statements

1. ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Financial Statements summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. 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 2015/16 and the Services Reporting Code of Practice 2015/16 (SERCOP), supported by the International Financial Reporting Standards (IFRS).

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

ACCRUALS FOR INCOME AND EXPENDITURE

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

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

PROVISIONS AND CONTINGENT ASSETS /LIABILITIES

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate at the balance sheet date of the likely settlement. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a settlement is required (or a lower settlement than estimated is made) the provision is reversed and credited back to the relevant service.

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

ACCOUNTING FOR COUNCIL TAX

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

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

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

ACCOUNTING FOR NON DOMESTIC RATES (NDR)

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

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

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

Provisions for NDR Appeals

The way that local government is funded was changed by the Government with effect from 1 April 2013 with the introduction of the Rates Retention Scheme. As part of the scheme, the Authority has to make a provision for the outcome of appeals against rating valuations; this is a risk that has been transferred to local authorities. Whilst it is difficult to accurately predict the outcome of appeals handled by the Valuation Office Agency, a provision of £320K (£223K for 2014/15) has been made for appeals that result in a reduction in rateable value. The provision is based on past successful appeals and their monetary impact on collectable business rates combine with local knowledge and experience.

CASH AND CASH EQUIVALENTS

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

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

CHARGES TO REVENUE FOR NON CURRENT ASSETS

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

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

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

EMPLOYEE BENEFITS

Benefits Payable During Employment

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

Termination Benefits

Termination benefits, are payable as a result of a decision by the Authority to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment. These are charged on an accruals basis to the appropriate Service or where applicable to the Non Distributed Costs in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for the restructuring.

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

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

Post Employment Benefits

Local Government Pension Scheme (LGPS):

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

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

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

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

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

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

- Service Cost comprising:

- Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the CIES to the services for which the employees worked;

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

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

- Remeasurements comprising:

- the return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

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

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

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

FINANCIAL INSTRUMENTS

Financial Assets

Financial assets are classified into two types:

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

The Authority only has loans and receivables.

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

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

GOVERNMENT GRANTS

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

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

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

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

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

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

INTANGIBLE ASSETS

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

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

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

LEASES

At present there are no finance or operating leases. However, the accounting policy on leases are as follows.

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.

OVERHEADS AND SUPPORT SERVICES

The costs of overheads and support services are charged to those services that benefit from the supply of service in accordance with the costing principles of the CIPFA SERCOP. The full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multifunctional, democratic organisation.
- Non Distributed Costs - Costs of the Authority that cannot be directly attributable to specific services.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

The requirement to show costs gross of movement to reserves, and the timing of creating recharges leaves residual balances on some administration cost centres, therefore these are disclosed under Non Distributed Costs.

PROPERTY, PLANT & EQUIPMENT

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

Land and buildings are re-valued at least every five years while ensuring all major operational assets are valued annually. 14 out of 48 assets have been valued and the rest desktop reviewed in the valuations provided by Wilks Head & Eve as at 01 April 2015 (Members of the Royal Institute of Chartered Surveyors).

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

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

Further details of the Authority's fixed assets can be found later in these Notes to the Core Financial Statements.

The Authority's fixed asset register contains vehicles used to provide the services under the Waste Collection, Street Cleansing and Grounds Maintenance Contracts. These vehicles are managed under an embedded finance lease.

Depreciation

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

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

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

Componentisation

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

INVESTMENT PROPERTIES

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

RESERVES

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

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

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

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

VAT

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

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

The following are the accounting policies 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 CIPFA Code of Practice on Transport Infrastructure Assets takes effect from 1 April 2016.

Under the Code, the Highways Network Asset is required to cover all the roads, and the associated components in accordance with Section 36 of the Highways Act 1980 (England and Wales). As the Authority not being the Highways Authority, is not required to keep such a list, and that there is no requirement to include components associated with these roads owned by non-Highway Authorities. This change to the Code will not require any changes to the Authority's accounts for 2016/17.

In addition there are a number of minor amendments to International Financial Reporting Standards, but these are not expected to have any material impact on the accounts

A list of the specific accounting standards that will be issued for 2016/17 are:

- 1) Amendments to IAS 19 Employee Benefits (Defined Benefit Plans: Employee Contributions)
- 2) Annual Improvements to IFRSs 2010 – 2012 Cycle
- 3) Amendment to IFRS 11 Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)
- 4) Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)
- 5) Annual Improvements to IFRSs 2012 – 2014 Cycle
- 6) Amendment to IAS 1 Presentation of Financial Statements (Disclosure Initiative)

None of the above changes are anticipated to have a material impact upon the information contained in the Council's Statement of Accounts for 2016/17, or future years.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Depreciation is calculated based on the Useful Economic Life of an asset. When calculating these each year there is an assumption that there will not be major changes to the conditions of the assets or the market values.
- Each year Pension transactions are determined by the actuary. These are subject to triennial revaluations and accounting assumptions. The accounts are produced annually assuming that the assumptions used in that year will be in place going forward.
- New arrangements for the retention of business rates came into force on 1 April 2013 at which date the Authority assumed the liability for refunding ratepayers who successfully appeal against the rateable value of their properties. The Authority has made provision for potential successful appeals to 31 March 2016.

4. MATERIAL ITEMS OF INCOME AND EXPENDITURE

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

In 2013, the triennial actuarial valuation was carried out and an actuarial deficiency of £1.99m was identified and had to be paid. The Authority took the option to pay its deficit payment for the next three years in one instalment which would make an estimated savings of £67,200. The actuarial deficiency amount of £1.99m was paid in 2014/15. The Actuaries assess the total net value of the Authority's liabilities as at 31 March 2016 to be £27.3m.

5. EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Section151 Officer on 29 June. Events taking place after this date up until the date of Committee approval are reflected in the Financial Statements or notes. Where events take place before this date provided information about conditions existed at 31 March 2016, 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 2016 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.
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.	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability.</p> <p>However, the assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pensions liability in Balance Sheet had reduced by £0.5m as a result of estimates being updated using the latest information.</p> <p>Details of Pensions Assets and Liabilities Recognised in the Balance Sheet are shown in Note 30.</p>
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.
Business Rates Appeals Provision	The provision is based on past successful appeals and their monetary impact on collectable business rates. Provision for the reduction on rateable value are made for current year and previous years appeals outstanding. At present the rateable value of properties that are under appeal is £18.8m. The provision of £0.32m was based on historical trends of successful appeals of which RDC's share is £ 0.13m.	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.

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

2015/16	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.	(827)			827
Revaluation losses on Property, Plant and Equipment	(53)			53
Capital grants and contributions applied	271			(271)
Revenue expenditure funded from capital under statute	(374)			374
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Capital Expenditure charged against the General Fund balances	1,303			(1,303)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	91		(91)	
Application of grants to capital financing transferred to the Capital Adjustment Account			300	(300)
Adjustments primarily involving the Capital Receipts Reserve:				
Use of Capital Receipts Reserve to finance new capital expenditure		1,268		(1,268)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	322	(322)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(3)	3		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,572)			1,572
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which Council Tax & NNDR income credited to the Comprehensive Income & Expenditure Statement is different from Council Tax & NNDR income calculated for the year in accordance with statutory requirements	49			(49)
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(10)			10
Total Adjustments:	(803)	945	209	(351)

2014/15	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.	(1,368)			1,368
Revaluation losses on Property, Plant and Equipment	(594)			594
Capital grants and contributions applied	219			(219)
Revenue expenditure funded from capital under statute	(295)			295
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(106)			106
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement:				
Statutory provision for the financing of capital investment	351			(351)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied and credited to the Comprehensive Income & Expenditure Statement	407		(407)	
Application of grants to capital financing transferred to the Capital Adjustment Account			4	(4)
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	54	(54)		
Use of Capital Receipts Reserve to finance new capital expenditure		688		(688)
Contribution to the Capital Receipts Reserve for Unattached Capital Receipts	155	(155)		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(4)	4		
Transfer from the Deferred Capital Receipts Reserve upon receipt of cash		(4)		4
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	684			(684)
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	(520)			520
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	5			(5)
Total Adjustments:	(1,012)	479	(403)	936

8. TRANSFERS TO/FROM

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 2015/16

	Balance at 1 April 2014 £000s	Transfers Out 2014/15 £000s	Transfers In 2014/15 £000s	Balance at 31 March 2015 £000s	Transfer Out 2015/16 £000s	Transfer In 2015/16 £000s	Balance at 31 March 2016 £000s
General Fund:							
Corporate	831	(245)	119	705	(167)	832	1,370
Housing	127	(24)	2	105	(4)	20	121
IT Strategy	7	(3)	-	4	(5)	270	269
Projects	1,029	(530)	299	798	(523)	884	1,159
Repairs and Maintenance	175	(4)	16	187	(187)	(0)	-
Total	2,169	(806)	436	1,799	(886)	2,006	2,919

9. OTHER OPERATING EXPENDITURE

2014/15 £000s		2015/16 £000s
1,263	Parish council precepts	1,293
4	Payments to the Government Housing Capital Receipts Pool	3
(103)	Gains/losses on the disposal of non-current assets	(322)
1,164	Total	974

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/15 £000s		2015/16 £000s
12	Interest payable and similar charges	-
1017	Pensions - net interest on defined liability (Note 31)	893
(39)	Interest receivable and similar income	(35)
990	Total	858

11. TAXATION AND NON SPECIFIC GRANT INCOMES

2014/15 £000s		2015/16 £000s
(7,382)	Council tax income	(7,583)
(1,789)	Non domestic rates income and expenditure	(1,684)
(2,344)	Non-ring fenced government grants	(2,401)
(458)	Capital grants and contributions	(140)
(11,973)	Total	(11,808)

In 2015/16 all non-ring fenced grants received were recognised as they were received in compliance with the Code of Practice on Local Authority Accounting. Due to the timing of non-ring fenced grants receipts in 2015/16, it has not been necessary to depart from the Code to account for any non-ring fenced grants in the period to which they relate (where this is different from the period in which they were received)

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 2015/16. 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		7	6	315	2
Finchfield		55	53	1992	16

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

14. INTANGIBLE ASSETS

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

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

Movement in Intangible Fixed Assets:

	2014/15 £000s	2015/16 £000s
Purchased Software Licences		
Accumulated Cost	854	872
Amortisations to 1 April	(700)	(753)
Balance at 1 April	154	119
Expenditure in year	18	124
Amortisation written off in year	(53)	(52)
Balance at 31 March	119	191
Comprising		
Accumulated Cost	872	996
Amortisations to 31 March	(753)	(805)

15. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	31 March 2015 £000s	31 March 2016 £000s
	Restated	
Investments	1,508	-
Cash and Cash Equivalents	3,485	5,280
Debtors	1,617	1,323
Total Loans and Receivables	6,610	6,603
Short Term Financial Liabilities *	(2,399)	(1,567)
Total Short Term Financial Liabilities carried at Amortised Cost	(2,399)	(1,567)

* 2014/15 liabilities have been restated to compare correctly to 2015/16 figures

Income, Expense, Gains and Losses

	Loans and Receivables 2014/15 £000s	Loans and Receivables 2015/16 £000s
Interest Income from Loans and Receivables	38	35
Total Income in Surplus/Deficit on the provision of services	38	35
Interest Paid on Other Liabilities	(12)	-
Total Expense in Surplus/Deficit on the provision of services	(12)	-
Net gain/(loss) for the year	26	35

The interest paid relates to the calculated interest payment on the embedded lease for the Waste and Street Cleansing Vehicles.

Fair Values of Assets and Liabilities

The investments held in the Balance Sheet are all under 365 days and are fixed interest; therefore the carrying amount is a reasonable approximation of the fair value. To confirm this, the following table shows the figure carried in the Balance Sheet, and the Fair Value.

		2014/15		2015/16	
		Carrying Amount £000s	Fair Value £000s	Carrying Amount £000s	Fair Value £000s
Investment		1,508	1,511	-	-

16. SHORT TERM DEBTORS COMPRISE:

	2014/15 £000s Restated	2015/16 £000s
Central Government bodies		90
NDR related - Government & Other Local Authorities	1,182	1,013
Other entities and Individuals*	2,768	2,573
Less: Provision For Doubtful Debts*	(1,006)	(1,100)
Total	2,944	2,576

* 2014/15 figures have been restated to compare correctly to 2015/16 figures

17. CASH AND CASH EQUIVALENTS

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

31 March 2015 £000s		31 March 2016 £000s
1	Cash held by the Authority	1
3,484	Bank Current Accounts	5,279
3,485	Total Cash and Cash Equivalents	5,280

18A. SHORT TERM CREDITORS COMPRISE

	2014/15 £000s Restated	2015/16 £000s
Central Government bodies	(57)	(502)
NDR related - Central Government (DCLG)	(218)	
Council Tax related - Other Local Authorities	(1,325)	(1,386)
Other Entities and Individuals*	(2,531)	(1,762)
Total	(4,131)	(3,650)

* 2014/15 figures have been restated to compare correctly to 2015/16 figures

18B. PROVISIONS - Business Rates

2014/15 £000		2015/16 £000
136	Balance at 1 April	89
(47)	Net movement for business rate appeals in year	40
89	Balance at 31 March	129

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 2015		31 March 2016
£000		£000
(8,694)	Revaluation Reserve	(9,200)
(26,440)	Capital Adjustment Account	(28,382)
(13)	Deferred Capital Receipts Reserve	(9)
27,830	Pensions Reserve	27,344
526	Collection Fund Adjustment Account	477
59	Accumulated Absences Account	69
(6,732)	Total Unuseable Reserves	(9,701)

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.

2014/15		2015/16
£000s		£000s
(6,637)	Balance at 1 April	(8,694)
(2,758)	Upward revaluation of assets	(1,234)
608	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	674
(2,150)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(560)
74	Difference between fair value depreciation and historical cost depreciation	54
19	Accumulated gains on assets sold or scrapped	-
93	Amount written off to the Capital Adjustment Account	54
(8,694)	Balance at 31 March	(9,200)

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

2014/15		2015/16
£000s		£000s
<u>(27,459)</u>	Balance at 1 April	<u>(26,440)</u>
1,315	Charges for depreciation and impairment of non-current assets	777
594	Revaluation losses on Property, Plant & Equipment	53
53	Amortisation of intangible assets	50
295	Revenue expenditure funded from capital under statute	374
106	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>(82)</u>	Adjusting amounts written out of the Revaluation Reserve	<u>(54)</u>
<u>2,281</u>	Net written out amount of the cost of non-current assets consumed in year	<u>1,200</u>
	<u>Capital financing applied in the year:</u>	
(688)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,268)
(219)	Capital grants and contributions credited to the Comprehensive Income & Expenditure Statement that have been applied to capital financing	(271)
(4)	Application of grants to capital financing from the Capital Grants Unapplied Account	(300)
(351)	Statutory provision for the financing of capital investment charged against the General Fund balances	
-	Capital expenditure charged against the General Fund balances	(1,303)
<u>(1,262)</u>		<u>(3,142)</u>
<u><u>(26,440)</u></u>	Balance at 31 March	<u><u>(28,382)</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.

2014/15		2015/16
£000s		£000s
24,513	Balance at 1 April	27,830
4,001	Remeasurements of the net defined benefit liability	(2,058)
2,153	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	2,674
(2,837)	Employer's pensions contributions and direct payments to pensioners payable in the year	(1,102)
27,830	Balance at 31 March	27,344

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non current assets but for which cash settlement has yet to take place, i.e. mortgages. Under statutory arrangements, the Authority does not treat these gains as useable for financing new capital expenditure unless they are backed by cash receipts. When the deferred cash settlement expenditure eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2014/15		2015/16
£000s		£000s
(17)	Balance at 1 April	(13)
4	Transfer to the Capital Receipts Reserve upon receipt of cash	4
(13)	Balance at 31 March	(9)

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.

2014/15		2015/16
£000s		£000s
18	Balance at 1 April	526
(10)	The authority's share of the Council Tax surplus/deficit on the fund at the preceeding year distributed in the year	103
518	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	(152)
526	Balance at 31 March	477

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15		2015/16
£000s		£000s
64	Balance at 1 April	59
(64)	Settlement or cancellation of accrual made at the end of the preceding year.	(59)
64	Amounts accrued at the end of the current year	69
(5)	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	10
59	Balance at 31 March	69

20. CASH FLOW STATEMENT - OPERATING ACTIVITIES

Adjustments to the net deficit on the provision of services

2014/15 £000s		2015/16 £000s
(1,569)	Net Deficit on the Provision of Services	687
	<i>Non Cash movements</i>	
1,315	Depreciation	777
601	Downward Valuations	53
53	Amortisation	50
805	Movement in Creditors	(414)
6	Movement in Interest Debtors	(0)
(74)	Movement in Debtors	199
89	Movement in Provisions	129
(684)	Pension Liability	1,572
106	Carrying amount of non current assets, held for sale or derecognised	0
<u>2,217</u>	TOTAL	<u>2,368</u>
	<i>Investing / Financing Activities</i>	
(628)	Capital Grants credited to the surplus on the Provision of Services	(271)
(209)	Proceeds from the sale of Non Current Assets	(322)
<u>(837)</u>	TOTAL	<u>(593)</u>
<u>(189)</u>	Net (Outflow)/ Inflow from Operating Activities	<u>2,462</u>

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

2014/15 £000s		2015/16 £000s
(38)	Interest Received	(35)
12	Interest Paid	-
<u>(26)</u>	Total	<u>(35)</u>

21. CASHFLOW STATEMENT - INVESTING & FINANCING ACTIVITIES

The cash flows for investing activities include the following items:

2014/15 £000s		2015/16 £000s
(616)	Purchase of property, plant and equipment, investment property and intangible assets	(2,768)
-	Purchase of short-term and long-term investments	-
4	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4
500	Proceeds from short-term and long-term investments*	1,500
847	Other receipts from investing activities	580
<u>735</u>	Net cash flows from investing activities	<u>(684)</u>

The cash flows for financing activities include the following items:

2014/15 £000s		2015/16 £000s
(381)	Council Tax and NNDR adjustments	12
30	Other receipts from financing activities	5
(351)	Payments for reduction in Finance Lease Liability	-
<u>(702)</u>	Net cash flows from financing activities	<u>17</u>

22. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports analysed across service areas. These reports are prepared on a different basis for the accounting policies used in the financial statements. In particular:

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year
- National Non-Domestic Rates charged on the Authority's own assets.

The income and expenditure of the Authority's principle services recorded in the budget reports for the year is as follows:

Assistant Director Income & Expenditure 2015/16.	Chief Executive £000s	Commercial Services £000s	Community & Housing Services £000s	Customer, Revenues & Benefits Services £000s	Democratic Services £000s	Environmental Services £000s	Legal Services £000s	Planning Services £000s	Resources Services £000s	Transformational Services £000s	Total £000s
Fees, Charges & other service income	(1,167)	(763)	(423)	(2,016)	(406)	(3,417)	(765)	(984)	(515)	(1,510)	(11,966)
Government Grants	-	-	(222)	(17,316)	(18)	-	-	-	-	-	(17,556)
Total Income	(1,167)	(763)	(645)	(19,332)	(424)	(3,417)	(765)	(984)	(515)	(1,510)	(29,522)
Employee Expenses	1,143	283	419	1,306	569	984	439	717	471	681	7,012
Other service expenses	230	1,317	941	17,881	485	4,278	294	196	43	831	26,496
Support Service recharges	1,158	479	319	810	470	1,111	391	694	136	276	5,844
Total Expenditure	2,531	2,079	1,679	19,997	1,524	6,373	1,124	1,607	650	1,788	39,352
Net Expenditure	1,364	1,316	1,034	665	1,100	2,956	359	623	135	278	9,830

Head of Service Income & Expenditure 2014/15.	Chief Executive £000s	Commercial Services £000s	Community & Housing Services £000s	Customer, Revenues & Benefits Services £000s	Democratic Services £000s	Environmental Services £000s	Legal Services £000s	Planning Services £000s	Resources Services £000s	Transformational Services £000s	Total £000s
Fees, Charges & other service income	(1,172)	(1,352)	(424)	(2,673)	(823)	(3,999)	(1,145)	(1,091)	(732)	(1,817)	(15,226)
Government Grants	-	-	(169)	(17,911)	-	-	-	-	-	-	(18,080)
Total Income	(1,172)	(1,352)	(593)	(20,584)	(823)	(3,999)	(1,145)	(1,091)	(732)	(1,817)	(33,308)
Employee Expenses	1,052	446	433	1,324	736	1,115	594	804	354	562	7,420
Other service expenses	197	1,363	854	18,618	555	5,027	87	245	59	845	27,850
Support Service recharges	843	1,045	587	1,510	874	1,853	587	1,058	321	441	9,119
Total Expenditure	2,092	2,854	1,874	21,452	2,165	7,995	1,268	2,107	734	1,848	44,389
Net Expenditure	920	1,502	1,281	868	1,342	3,996	123	1,016	2	31	11,081

Reconciliation of Service Income & Expenditure to Cost of Services in the Comprehensive Income & Expenditure Statement.

This reconciliation shows how the figures in the analysis of services income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2014/15 £000s	2015/16 £000s
Net expenditure in the service analysis	11,081	9,830
Amounts in the comprehensive Income & Expenditure statement not reported to management in analysis	307	(543)
Cost of services in the Comprehensive Income and Expenditure Account	11,388	9,289

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

Reconciliation to Subjective Analysis 2015/16	Service Analysis £000s	Services & Support not in Analysis £000s	Amounts reported to manageme nt for £000s	Amounts not included in I&E £000s	Allocation of Recharges £000s	Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, Charges & other service income	(11,966)							(11,966)
Interest and investment income							(35)	(35)
Taxation and non specific grant income							(11,808)	(11,808)
Government grants and contributions	(17,556)							(17,556)
Total Income	(29,522)	-	-	-	-	-	(11,843)	(41,365)
Employee Expenses	7,011						893	7,904
Other service expenses	25,614		(543)					25,071
Support Service recharges	5,847							5,847
Gain on disposal of fixed asset							(322)	(322)
Depreciation, amortisation and impairment						882		882
Payment to Housing capital Receipts pool							3	3
Precepts & Levies							1,293	1,293
Interest Payments							-	-
Total Expenditure	38,472	-	(543)	-	-	882	1,867	40,678
Surplus or deficit on the provision of services	8,950	-	(543)	-	-	882	(9,976)	(687)

Reconciliation to Subjective Analysis 2014/15	Service Analysis £000s	Support Services not in Analysis £000s	not reported to manageme nt for £000s	Amounts not included in I&E £000s	Allocation of Recharges £000s	Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, Charges & other service income	(13,581)							(13,581)
Interest and Investment income							(39)	(39)
Taxation and non specific grant income							(11,973)	(11,973)
Government grants and contributions	(19,727)							(19,727)
Total Income	(33,308)	-	-	-	-	-	(12,012)	(45,320)
Employee Expenses	7,420						1,017	8,437
Other service expenses	26,482		307					26,789
Support Service recharges	9,119							9,119
Gain on disposal of fixed asset							(103)	(103)
Depreciation, amortisation and impairment						1,368		1,368
Payment to Housing capital Receipts pool							4	4
Precepts & Levies							1,263	1,263
Interest Payments							12	12
Total Expenditure	43,021	0	307	0	0	1,368	2,193	46,889
Surplus or deficit on the provision of services	9,713	0	307	0	0	1,368	(9,819)	1,569

23. 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:

	2014/15 £000s	2015/16 £000s
Basic Allowance	166	159
Special Responsibility Allowance	126	122
Travel & Subsistence	4	3
TOTAL	296	284

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 £
C I BLACK	4,250	2,125	-	6,375
J BURTON	4,250	-	-	4,250
L BUTCHER	4,250	425	43	4,718
T J CAPON	482	48	10	540
P A CAPON	482	241	-	723
M CARTER	4,250	425	-	4,675
T G CUTMORE	4,250	21,250	23	25,523
R DRAY	4,250	425	-	4,675
J GIBSON	4,250	3,416	-	7,666
H GLYNN	4,250	8,500	-	12,750
K J GORDON	4,250	1,120	-	5,370
J GRIFFIN	4,250	-	-	4,250
A HALE	4,250	-	-	4,250
J HAYTER	4,250	2,125	-	6,375
B HAZELWOOD	4,250	738	-	4,988
N HOOKWAY	4,250	-	-	4,250
M HOY	4,250	412	46	4,708
D HOY	4,250	191	2	4,443
K H HUDSON	4,250	12,750	405	17,405
G J IOANNOU	0	-	-	-
J LAWMON	4,250	2,125	113	6,488
G LUCAS-GILL	1,828	3,656	90	5,573
J R LUMLEY	4,250	7,380	195	11,825
M MADDOCKS	4,250	-	-	4,250
C MASON	4,250	-	-	4,250
J R MASON	4,250	2,262	262	6,774
J MCPHERSON	4,250	8,500	440	13,190
D MERRICK	4,250	2,125	-	6,375
J A MOCKFORD	3,542	1,771	-	5,313
T MOUNTAIN	482	-	-	482
R A OATHAM	4,250	-	15	4,265
C PAVELIN	3,814	-	-	3,814
C ROE	4,250	8,500	-	12,750
C G SEAGERS	4,250	1,901	-	6,151
S SMITH	4,250	8,500	-	12,750
M SOFTLY	0	-	-	-
M SPENCER	4,250	-	-	4,250
D SPERRING	4,250	369	-	4,619
M STEPTOE	4,250	8,500	606	13,356
I WARD	4,250	8,500	233	12,983
M WEBB	3,814	71	-	3,885
C A WESTON	4,250	3,970	88	8,308
B WILKINS	4,250	-	210	4,460
Total	158,946	122,321	2,780	284,046

24. OFFICERS' REMUNERATION

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

Salary Band	Number of employees	
£	2014/15	2015/16
50,000 - 54,999	2	3
55,000 - 59,999	1	3
60,000 - 64,999		
65,000 - 69,999	2	1
70,000 - 74,999		1
75,000 - 79,999	3	
80,000 - 84,999	1	
85,000 - 89,999		
90,000 - 94,999		
95,000 - 99,999		
100,000 - 104,999		
105,000 - 109,999	1	
110,000 - 114,999		1
115,000 - 119,999	1	
215,000 - 219,999	1	
240,000 - 244,999	1	

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

Financial Year 2015/16

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

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

The number of exit packages with total cost per band and total cost of voluntary redundancies are set out in the table below. There were no compulsory redundancies in 2014/15 or 2015/16:

Exit package cost band (including special payments)	Number of voluntary redundancies		Total cost of exit packages in each band	
	2014/15 Restated	2015/16	2014/15 Restated	2015/16 £
£0 - £20,000	4	2	48,267	13,412
£20,001 - £40,000	4		102,494	13,472
£40,001 - £60,000	1		47,704	
£60,001 - £80,000	1		78,883	
£80,001 - £100,000				
£100,001 - £120,000	1		119,363	
£150,001 - £200,000	2		298,557	13,269
Total cost included in bandings and in the CIES	13	2	695,268	40,153

2014/15 has been restated to record a provision made but not disclosed in the 2014/15 financial statements. Two of the employees had a final settlement in 2015/16.

The total cost of £40,153, in the table above for exit packages have all been charged to the Authority's Comprehensive Income and Expenditure Statement (CIES) in 2015/16.

Financial Year 2014/15

Job title	Bonuses £	Salary -includes fees & allowances £	Expense allowance £	Benefits in kind (e.g. car allowance) £	Compensation for Loss of Office	Pension contribution £	Total Remuneration including pension contributions £
Chief Executive	86	106,341	585	803		14,718	122,533
Head of Finance	-	82,405	271	963	33,780	11,235	128,654
Head of Community Services	-	26,242	25	364		3,625	30,256
Head of Legal, Estates & Member Services*	86	83,888	388	963	171,431	11,628	268,384
Head of Environmental Services	172	73,335	183	963	140,396	10,132	225,181
Head of Planning & Transportation	172	74,239	315	803		10,299	85,828

* The **Compensation for Loss of Office** for this officer has been revised by £13,269 to take account of the final settlement

In addition to the figures above, the Chief Executive also received payment of £8,400 for his role as the Returning Officer for the district council elections.

25. EXTERNAL AUDIT COSTS

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

	2014/15 £000's	2015/16 £000's
Fees paid for External Audit Services	64	48
Fees paid for Certification of Grant Claims and Returns*	13	20
Total	77	68

* The certification fee of £13,000 for 2014/15 is the fee charged by the former external auditors, BDO, for the certification of the 2013/14 Housing Benefits claim

The certification fee of £20,000 for 2015/16 includes a fee of £11,360 charged by the former external auditors, BDO, for the certification of the 2014/15 Housing Benefits claim. The 2015/16 certification fee also includes of £8,184 is the sum payable to the current external auditors, EY for the certification of the Housing Benefits claim

26. GRANT INCOME

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

	2014/15 £000's	2015/16 £000's
	Restated	
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	1,743	1,342
NDR entitlement	1,789	1,684
New Homes Bonus	601	1,059
Pickles Waste recycling Grant (capital)	150	300
IER Hardware Grant	4	4
Empty Homes Grant	164	-
EU Inspire Directive	7	-
IEG Grant	3	-
Playbuilder Grant/Aiming High	5	-
Big Lottery Fund	10	-
Thames gateway warm and decent homes grant	22	-
S106 Grant - Sport Centre Improvements	93	91
Recycling Reward Grant		45
Total	4,591	4,525
Credited to services		
Disabled Facilities Grant	169	222
LCTS related -New Burdens Grants*	80	15
LCTS Admin Set up Funding*	77	67
Housing Benefit Subsidy*	17,413	16,923
Housing Benefit Administration Subsidy	256	226
Individual Electoral Registration	0	18
Business Rates pool Admin Grant	85	85
Total *	18,080	17,556

* Restated to agree with Note 22 figures on Government Grants

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:

	2015/16 £000s
Capital Grants Receipts in Advance	
IEG Grant	2
IER H'ware fund- receipt in advance	11
DCLG Recycling reward grant	35
Total	48

27. 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. Grants received from Government Departments are set out in the subjective analysis in Note 22 on reporting for resources allocations decisions.

Members - Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 23. £2,100 was paid to The Crouch Harbour Authority, of which Cllrs B Hazelwood and C Seagers were members. £67,000 was paid to Citizen Advisory Bureau, of which Cllr G J Ioannou was a trustee. 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.

28. 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.

	2014/15 Restated * £000's	2015/16 £000's
Opening Capital Financing Requirement*	710	687
Capital Investment		
Property, Plant and Equipment		
Intangible Assets	18	124
Other Land & Buildings	131	79
Vehicles, Plant, Equipment & Furniture	361	2,539
Waste and street cleansing vehicles (embedded finance leases)	351	-
Community Assets	106	26
Investment Property		
Revenue expenditure funded by capital	295	374
Total Capital Expenditure	1,262	3,142
Financed by:		
Useable Capital Receipts	688	1,268
Government Grants	223	571
Revenue Contributions		1,303
Minimum Revenue Provision for Waste and street cleansing vehicles	351	-
Total Financing	1,262	3,142
Increase in underlying need to borrowing (unsupported by government financial	-	-
Increase/(Decrease) in Capital Financing Requirement	-	-

* 2014/15 Opening CFR restated after recalculating the CFR for 2015/16

29. TERMINATION BENEFITS

The Authority terminated the contracts of 2 employees in 2015/16, incurring liabilities of £14K. The number of exit packages and total cost per band are disclosed in Note 24. The Authority terminated the contracts of 13 employees in 2014/15, incurring cost of £695K. Two further employees had a final settlement in 2015/16 of a total value of £26K.

30. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

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

Risk associated with the Pension Scheme

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

Transactions Relating to Post-employment Benefits

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

Local Government Pension Scheme	2014/15 £000's	2015/16 £000's
Comprehensive Income & Expenditure Statement		
<i>Cost of Services:</i>		
Service Cost	(1,118)	(1,119)
Past Service costs		(640)
Administration Expenses	(18)	(22)
<i>Financing and Investment Income and Expenditure:</i>		
Net Interest on the Defined Liability	(1,017)	(893)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(2,153)	(2,674)
<i>Other Post Employment Benefit Charged to Other Comprehensive Income & Expenditure:</i>		
Re-measurement of the net defined benefit liability comprising:		
Return on Plan Assets (Excluding Net Interest Cost)	3,775	(361)
Other Actuarial Gains /(Losses) on Assets	-	-
Change in Financial Assumptions	(7,754)	2,374
Change in Demographic Assumptions	-	-
Experience Gain/(Loss) on Defined Benefit Obligation	(22)	45
Remeasurements	(4,001)	2,058
Total Post Employment Benefit Charged To The Comprehensive Income & Expenditure Statement	(6,154)	(616)
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	(684)	1,572
Actual Amount Charged Against The General Fund Balance For Pensions In The Year		
Employers' Contributions Payable To Scheme*	2,837	1,102

*For 2016/17, employers contributions payable to the scheme is estimated at £578,000

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:

	2014/15 £000's	2015/16 £000's
Present Value of the defined benefit obligation	71,024	70,971
Fair value of plan assets	45,208	45,480
Net liability	25,816	25,491
Other movements in the liability/ (asset)	2,014	1,853
Net liability arising from defined benefit obligation	27,830	27,344

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

	2014/15 £000's	2015/16 £000's
Opening balance at 1 April	38,967	45,208
Interest on Assets	1,731	1,434
Remeasurement gain/loss:		
- Return on Plan Assets (Excluding Net Interest Cost)	3,775	(361)
- Other Actuarial Gains /(Losses) on Assets	-	-
Employers' Contributions Including Unfunded	2,837	1,102
Member Contributions	346	282
Benefits Paid including Unfunded	(2,430)	(2,163)
Administration Expenses	(18)	(22)
Closing balance at 31 March	45,208	45,480

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

	2014/15 £000's	2015/16 £000's
Opening balance at 1 April	(63,480)	(73,038)
Current Service Cost	(1,118)	(1,119)
Interest Cost	(2,748)	(2,327)
Member Contributions	(346)	(282)
Remeasurement gains and losses:		
- Actuarial Gains /Losses Arising from Change in Demographic Assumptions	-	-
- Actuarial Gains /Losses Arising from Change in Financial Assumptions	(7,754)	2,374
- Experience Gains & (Losses)	(22)	45
Past Service Costs Including Curtailments	-	(640)
Benefits Paid	2,279	2,017
Unfunded Pension Payments	151	146
Closing balance at 31 March	(73,038)	(72,824)

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

	31 March 2015 £000's	31 March 2015 %	31 March 2016 £000's	31 March 2016 %
Equities	30,413	67%	30,782	68%
Government Bonds	1,986	4%	1,341	3%
Other Bonds	4,327	10%	2,183	5%
Property	4,910	11%	5,416	12%
Cash/Liquidity	991	2%	1,477	3%
Alternative Assets	2,581	6%	2,022	4%
Other managed funds	-	0%	2,259	5%
	45,208	100%	45,480	100%

Basis for Estimating Assets and Liabilities

Assets and Liabilities have been assessed on an actuarial basis by Barnett Waddingham (actuaries to the Fund) based on the full actuarial valuation carried out as at 31 March 2013. It is not possible to assess the accuracy of the estimated value of assets and liabilities as at 31 March 2016 without completing a full valuation. However, the Actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2016 should not introduce any material distortions in the results provided.

When full actuarial valuation of Liabilities were carried out it involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows included 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.

In calculating the asset share the actuaries have rolled forward the assets allocated to the employer at 31 March 2013 allowing for investment returns, contributions paid into, and estimated benefits paid from the Fund by and in respect of the Employer and its employees.

The principal assumptions used by the actuary have been:

	2014/15	2015/16
Long-term Expected Rate of Return on Assets in the Scheme:		
Equity investments	5.40%	5.40%
Bonds	2.30%	2.30%
Other Bonds	3.00%	3.20%
Cash/Liquidity	2.00%	1.70%
Property	4.40%	4.40%
Alternative Assets	3.00%	3.20%
	N/A	3.20%
Mortality Assumptions:		
Longevity at 65 for current pensioners:		
Men	22.8	22.9
Women	25.2	25.3
Longevity for future pensions:		
Men	25.1	25.2
Women	27.6	27.7
Rate of RPI Inflation	3.10%	3.20%
Rate of CPI inflation	2.20%	2.30%
Rate of Increase in Salaries	4.00%	4.10%
Rate of Increase in Pensions	2.20%	2.30%
Rate for Discounting Scheme Liabilities	3.20%	3.50%
Proportion of take-up of option to convert annual pension into retirement lump sum	50.00%	50.00%

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%	72,824	1,061
	0.1%	71,635	1,038
	-0.1%	74,034	1,084
Long-term salary increase	0.0%	72,824	1,061
	0.1%	72,918	1,062
	-0.1%	72,731	1,060
Pension increases and deferred revaluation	0.0%	72,824	1,061
	0.1%	73,954	1,084
	-0.1%	71,713	1,038
Mortality age rating assumption	None	72,824	1,061
	+1 Year	75,114	1,088
	-1 Year	70,607	1,035

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

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

31. CONTINGENT LIABILITIES

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

Litigation and other costs

There are four known judicial processes and prospective challenges in progress in relation to planning, land charges, contract disputes, and personal injury claims, which may give rise to costs depending on the outcomes. It is not practicable to estimate the financial effect or timing of these issues at this stage. The Authority has allowed within its earmarked reserves and general fund for any future settlement of claims and costs.

32. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

Credit Risk

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

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £5.28m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2016 that this was likely to happen.

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

	Amount at 31 March 2016 £000s	Historical experience of default %	Historical experience adjusted for market conditions at 31 March 2016	Estimated maximum exposure to default and uncollectability at 31 March 2016 £000s
	A	B	C	(A X C)
Deposits with Banks & Financial Institutions	5,280	-	-	-
Customers	115	4.40%	4.40%	5
			Total	5

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 2015 £000s	31 March 2016 £000s
Less than 43 days	12	3
43-63 days	7	10
64-84 days	2	-
Greater than 84 days	56	43
Total	77	56

Amounts not yet due are £59,000 for 2015/16 (£244,000 for 2014/15)

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 2015/16.

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.

**Collection Fund Income and Expenditure Account
for the year ended 31 March 2016**

Total 2014/15 £000's	Business Rates 2014/15 £000's	Council Tax 2014/15 £000's		Council Tax 2015/16 £000's	Business Rates 2015/16 £000's	Total 2015/16 £000's
£	£	£		£	£	£
Income						
(61,562)	(15,416)	(46,146)	Amounts Receivable (net of discounts and reliefs)	(47,217)	(15,177)	(62,394)
<u>Contributions Towards Previous Year's Surplus /(Deficit):</u>						
(46)	-	(46)	Essex County Council	452	-	452
(6)	-	(6)	Police & Crime Commissioner for Essex	60	-	60
(3)	-	(3)	Essex Fire Authority	28	-	28
(10)	-	(10)	Rochford District Council & Parish/Town Councils	104	-	104
(65)	-	(65)		644	-	644
(61,627)	(15,416)	(46,211)	Total Income	(46,573)	(15,177)	(61,750)
Expenditure						
<u>Precepts and shares:</u>						
8,311	8311	-	Central Government	-	8,134	8,134
33,352	1496	31,856	Essex County Council	32,848	1,464	34,312
4,229	-	4,229	Police & Crime Commissioner for Essex	4,448	-	4,448
2,112	166	1,946	Essex Fire Authority	2,008	163	2,171
13,940	6648	7,292	Rochford District & Parish/Town Councils	7,526	6,507	14,033
61,944	16,621	45,323		46,830	16,268	63,098
(66)	(66)		Transitional Protection Payment		10	10
<u>Impairment of Debts/Appeals</u>						
142	107	35	Write-offs of Uncollectable Amounts	37	145	182
138	(22)	160	Increase/ (Decrease) in Bad Debt Provision	(17)	(113)	(130)
(117)	(117)		Increase/ (Decrease) in Provision for Appeals	-	96	96
163	(32)	195		20	128	148
85	85	-	Charge to General Fund for Allowable NDR Collection Costs	-	85	85
<u>Distribution of Previous Year's Estimated Surplus/ (Deficit):</u>						
180	180	-	Central Government	-	(777)	(777)
32	32	-	Essex County Council	-	(140)	(140)
4	4	-	Essex Fire Authority	-	(16)	(16)
144	144	-	Rochford District Council	-	(622)	(622)
360	360	-		-	(1,555)	(1,555)
62,486	16,968	45,518	Total Expenditure	46,850	14,936	61,786
859	1,552	(693)	Movement on Fund Balance	277	(241)	36
(452)	376	(828)	Opening Fund Balance	(1,521)	1,928	407
407	1,928	(1,521)	Closing Fund Balance	(1,244)	1,687	443
859	1,552	(693)	Movement on Fund Balance	277	(241)	36

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 (£208.98 in 2015/16), 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 48p in the £ of rateable value for 2015/16 (47.1p in the £ for 2014/15) 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 2015/16 the baseline was set at £1,577,265. The local authorities and fire and rescue authorities will now be able to benefit directly from supporting local business growth as they will be able to keep a share of any increases in business rates revenue.

The total non-domestic rateable value at present stands at £40.5m.

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 2016. 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 2014/15 £000s	Business Rates 2014/15 £000s	Council Tax 2014/15 £000s	Collection Fund (CF) Attribution of (Surplus) / Deficit Carried Forward	Council Tax 2015/16 £000s	Business Rates 2015/16 £000s	Total 2015/16 £000s
			Balances attributable to:			
186	186		Central Government		17	17
(581)	34	(615)	Essex County Council	(661)	3	(658)
(83)		(83)	Police&Crime Commissioner, Essex	(89)		(89)
(34)	4	(38)	Essex Fire Authority	(40)	0	(40)
8	149	(141)	Rochford District Council	(149)	14	(135)
			Redistribution due to:			
777	777		Central Government		827	827
(312)	140	(452)	Essex County Council	(215)	149	(66)
(60)		(60)	Police & Crime Commissioner, Essex	(29)		(29)
(12)	16	(28)	Essex Fire Authority	(13)	17	4
518	622	(104)	Rochford District Council	(49)	661	612
407	1,928	(1,521)	Closing Collection Fund Balance	(1,245)	1,688	443

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

Total 2014/15 £000s	Business Rates 2014/15 £000s	Council Tax 2014/15 £000s	Share of Collection Fund Balance	Council Tax 2015/16 £000s	Business Rates 2015/16 £000s	Total 2015/16 £000s
526	771	(245)	Rochford District Council	(198)	675	477
(119)	1,157	(1,276)	Preceptors & Central Government	(1,047)	1,013	(34)
407	1,928	(1,521)		(1,245)	1,688	443

4. Uncollectable Debts.

Uncollectable debts of £37,172 (£35,282 - 2014/15) for Council Tax and £145,908 (£106,739 - 2014/15) for Non-Domestic Rates were written off in 2015/16.

5. Appeals Provisions - Business Rates

Total 2014/15 £000s	Other Preceptors £000s	Billing Authority £000s	Share of Appeals Provisions	Billing Authority £000s	Other Preceptors £000s	Total 2015/16 £000s
2014/15	2014/15	2014/15		2015/16	2015/16	2015/16
340	204	136	Balance at 1 April	89	134	223
			Net movement for business rate appeals in year	40	57	97
(117)	(70)	(47)	Balance at 31 March	129	191	320
223	134	89				

6. Calculation of the Council Tax

The Council Tax for Rochford residents for 2015/16 for an average Band D property was as follows:

	BAND D
	£
Parish/Town Councils	40.01
Rochford District Council	208.98
Essex County Council	1,086.75
Essex Fire and Rescue Authority	66.42
Police & Crime Commissioner	147.15
Total	1,549.31

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	749	6/9	499
B	2,191	7/9	1,704
C	9,341	8/9	8,303
D	9,116	1	9,116
E	4,444	11/9	5,431
F	2,145	13/9	3,098
G	1,126	15/9	1,877
H	67	18/9	134
Total			30,162
Adjustments for Band D Full Year Equivalents			618
			30,780
Less Adjustment for Collection Rate			98.20%
Total Council Tax Base			30,226

GLOSSARY OF TERMS

Accrual

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

Agency Services

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

Asset

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

Benefits

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

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

Billing Authority

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

Business Rates

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

Capital Expenditure

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

Capital Adjustment Account (CAA)

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

Capital Programme

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

Capital Receipts

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

Central Support Costs

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

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

Code of Practice on Local Government Accounting

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

Collection Fund

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

Community Assets

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

Contingent Liability

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

Council Tax

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

Council Tax Base

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

Creditors

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

Debtors

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

Deferred Liabilities

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

Depreciation

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

Embedded Lease

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

Fair Value

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

Fees and Charges

Charges made to the public for Council services and facilities.

Financial Year

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

General Fund

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

IFRS

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

Intangible Assets

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

Liability

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

Local Government Pension Scheme (LGPS)

The majority of council officers belong to this scheme.

Non Distributed Costs

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

Post Balance Sheet Events

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

Precept

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

Property, Plant & Equipment

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

Provision

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

Reserves

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

Responsible Officer

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

Revenue Support Grant

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

Support Services

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

Un-apportionable Overheads

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

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 2015/16, the responsible officer was the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve and publish a Statement of Accounts.

The Section 151 Officer's Responsibilities

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

In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Section 151 Officer has also:

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

Opinion

The post audit Statement of Accounts gives a true and fair view of the financial position of Rochford District Council at 31 March 2016, 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: Narrative Report for 2015/16 Statement of Accounts

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1 Introduction



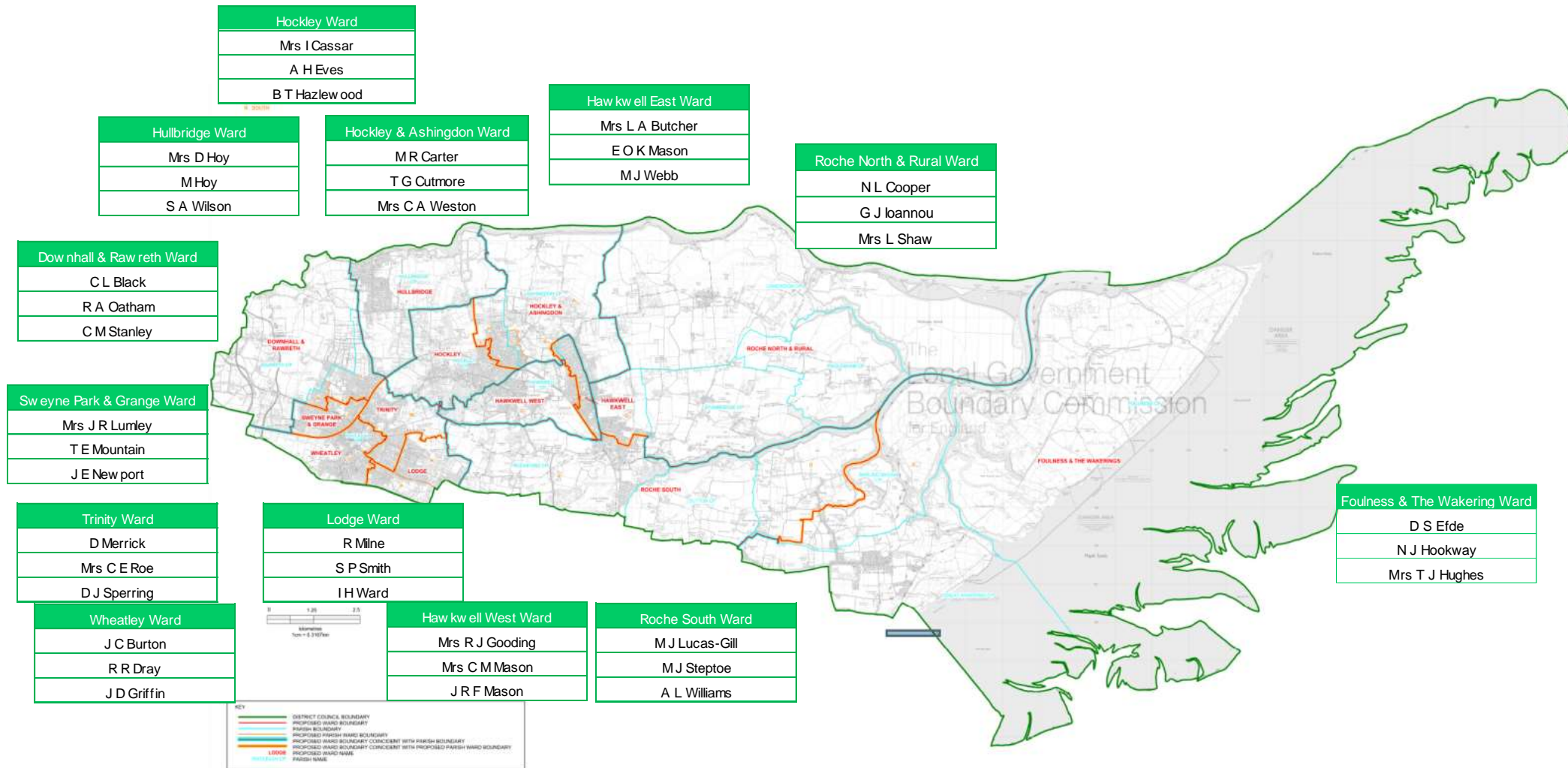
Local Government in Essex is largely structured into what is commonly termed a 'three-tier' structure, with responsibilities and service provision shared between District, Parish and County Councils.

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 as at 1 February 2016 include:-

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

2 Our Councillors (Elected in May 2016)



3 Rochford by the numbers

	£357,000 spent on housing adaptations increasing residents independence		244 new homes built
Recycling rate 66%		0.01% missed bins vs total collected	
	Budget underspend of £1.1m		710 planning applications approved
£154,000 Flood grants to Residents & Businesses		Zero safety related claims	
	Rochford Business Network support for 420 local businesses		703,892 individual visits to Leisure facilities
Exciting new developments considered		Produced a balanced budget for 2016/17	



4 Key Highlights and Successes

Flood alleviation projects – works at the following areas have been successfully completed – Turret House public open space, rear of Blower Close, Nobles Green ditch, Rawreth Brook, Chapel Lane, rear of Rectory Avenue, a feasibility study regarding Rawreth Brook has also been carried out.

Partnerships – successfully working with Anglian Water, Environment Agency and ECC Highways together with Parish and Town Councils regarding flooding via the Flood Forum. The Flood Forum was started to bring together residents affected by flooding in August 2013 with the different agencies who have responsibilities to improve flood resilience in the District. This has resulted in a number of improvements delivered in 2015/16.

Rochford District Council promoted and administered the Government Grant for property level flood protection work, giving £98,502 to residents and £56,094 to businesses.



Working in partnership with Enterprise in Education to deliver Our Young Entrepreneurs event, the winners of our 2015 event created an advert for London Southend Airport, which so impressed, they were invited by LSA management to film the ad on site. Events like YE will continue to encourage engagement with the local business community to increase youth employment opportunities, including work experience, apprenticeships and develop links with secondary schools to bridge the skills gap.

Continue to support new and existing businesses to; find premises, recruit and train staff, sign post and liaise with internal and external services, source grant funding, provide networking opportunities and respond to all types of business needs and enquiries.

Management of the Rochford Business Network (RBN), continuing to add new members' year on year, to provide information & support for over **420** of our local businesses.



PARKMARK (Police accredited 'Safer Parking Scheme') Award retained for all our car parks.

Review and installation of new and updated Advance Directional Signage to our car parks completed.

Enhanced theft-security added to all our Pay & Display ticket machines.

A successful prosecution following investigation into fly tipping, working in partnership with Southend BC

Recycling Team were finalists in 2015 letsrecycle.com awards for Excellence in Recycling and Waste Management

Maintained position in top three, local authority in country for recycling

Partnership working with McDonalds & KFC, 'Clean for the Queen' and other litter picking events

86% of residents report that their independence has increased because we have installed housing adaptations

95% of residents rate Rochford's Community Safety Roadshows as excellent!

3rd lowest crime rate in Essex.

We have completed 332 food interventions and 94% of our Food Premises are now rated 3 or above

Active Colleagues - 2nd year of 3 year Sport England funded project successfully delivered.

572 individuals have now accessed the project across both Rochford District and Castle Point with throughput of 4,462

Active Rochford funding, £8,350 funding secured from Active Essex to deliver the following projects:

- Active Rochford Apprentice
- Sports Club Forum
- Health tasters and festival
- Family activity sessions
- Outdoor health

Rochford and Castle Point Sports Awards 2015, Successful event delivered, sponsored by Fusion Lifestyle, £5,125 of sponsorship secured.



- Successfully delivered an all-out Council election in May 2016 and a Police and Crime Commissioner election
- Roll out new member training over three nights by Assistant Directors
- Produce a balanced budget for 2016/17, against a backdrop of a 50% RSG reduction by central government
- Created the investment board, to drive the districts ambition forward, through maximised use of resources and funding
- Electoral Boundary Review successfully implemented
- Council Business Plan approved
- HR Policy and Procedure Review completed
- Live Web Chat introduced and is receiving excellent feedback from the public

5 The Business Plan

BUSINESS PLAN

2016
2020

"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.

OUR PRIORITIES

BECOME FINANCIALLY SELF-SUFFICIENT	EARLY INTERVENTION	MAXIMISE OUR ASSETS	ENABLE COMMUNITIES
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • We will ensure that all of our assets are fully utilised to maximise income whilst ensuring social purpose. 	<ul style="list-style-type: none"> • 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 created a monthly dash board for all members to review performance.

The Performance indicators are due to be reviewed in 2016/17 to align to the new business plan priorities as set out in section 5.

The Key Performance indicators and associated targets are shown below for the 2015/16 year end

Rochford District Council – Narrative Report for 2015/16 Statement of Accounts

Place			
PI Description	Target	Month	Final
% Council Tax collected (cum)	98.40%	98.70%	98.70%
% NNDR collected (cum)	98.50%	99.10%	99.10%
% overpayments recovered vs. debt	30.50%	24.80%	24.80%
% overpayments written off vs. debt	4.00%	2.58%	2.58%
calls received by R&B call centre	NT	3,588	27,662
% calls answered by R&B c. centre	85.00%	83.40%	90.70%
Residual waste Kg per household	25	26	295
% waste recycled or composted	66.00%	58.88%	66.23%
% Missed bins vs total collected	0.0100%	0.0040%	0.0090%

Economic Growth			
% invoices paid in 30 days	100.00%	99.30%	97.60%
% local invoices paid in 10 days	90.00%	98.40%	93.50%
Out of Work Benefit Claimants	NT	455	455

Homes			
PI Description	Target	Month	Final
Ave. Households in Temp. Accom.	NT	53.8	53.8
Wks. from OT rec to DFG completion (Q)	25.0	39.2	37.4
% Major Planning Apps in 13 Wks. (Q)	85.00%	100.00%	50.00%
% Remaining Planning Apps in 8 Wks. (Q)	90.00%	80.13%	71.67%
% Planning appeals allowed (Q)	30.00%	28.60%	23.80%
% Planning Enforcement in time	70.00%	66.70%	59.90%

Corporate Health			
Principle Income Streams Total from Fees and Charges: Actual YTD	£2,228,000	£2,313,187	£2,313,187
Anticipated General Fund as a % of Total Expenditure (Q)	10.00%	9.29%	9.29%
Number of employees: FTE (Q)	NT	158	158
Agency Staff Costs	NT	£16,266.00	£67,786.00
The number of working days lost to the Local Authority due to sickness	2.50	1.90	8.50

7 Corporate Risk Register

Key Corporate Risks	Potential Impacts													Likelihood	Impact	Risk Rating
	Safeguarding	Reputational Damage	Service Disruption	Impaired Performance	Ineffective partnerships	Health and Safety	Staff Morale	Missed Opportunities	Financial costs/losses	Asset loss or damage	Contract breaches	Ineffective leadership	External Intervention			
Key Outcome Risks																
1 – We fail to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes.		✓	✓	✓			✓	✓	✓			✓	✓	4	3	M
2 – There is a failure to ensure the safeguarding of our children or vulnerable adults.	✓	✓					✓					✓		2	3	M
3 - There is a serious Food or Health and Safety, or Environmental or other incident for which the Council is culpable (including Flood risks).		✓	✓			✓			✓	✓		✓		3	4	H
4 - We fail to respond to, or provide, relevant services in the event of an incident or disaster		✓	✓			✓				✓		✓		3	3	M
5 - Council held data is lost, disclosed or misused to detriment of individuals or organisations as result of inadequate protection.		✓	✓	✓					✓		✓	✓		3	3	M
6 - Community cohesion is impacted adversely by service changes or withdrawals	✓	✓	✓		✓	✓	✓		✓			✓		3	3	M
Key Enabler Risks																
7 - Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.		✓			✓		✓	✓	✓			✓		2	3	M
8 – Failure to innovate and develop new ways of meeting customer needs and expectations.		✓	✓	✓			✓	✓				✓	✓	2	3	M
9 - Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the priorities contained in the Business Plan or to adequately plan, fund and monitor the Council’s Capital Programme.		✓		✓			✓	✓	✓		✓	✓	✓	2	3	M
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		✓	✓	✓	✓						✓			3	3	M

Rochford District Council – Narrative Report for 2015/16 Statement of Accounts

of services and outcomes.																
12 - The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.		✓	✓	✓					✓		✓			2	3	M
13 - Failure to ensure good governance of the Council's activities and delivery of its priority outcomes		✓					✓			✓		✓	✓	3	4	H

8 Financial Summary

8.1 Revenue Position

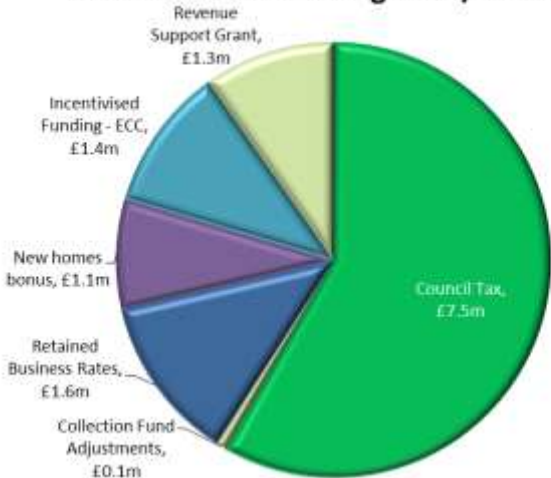
The Financial Summary below provides a simplified view of the full Statement of Accounts which is largely prescribed by accounting standards that apply to all local authorities. An unaudited version of the full Statement of Accounts is available on the website, and full Audited version can be requested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

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

For RDC to meet these Council Tax and Business Rates figures as per the graph right), the Council had to collect 98.4% and 98.5% of the amount due respectively for the entire year, which has been achieved through the continuing partnership with our residents, businesses and the Council itself.

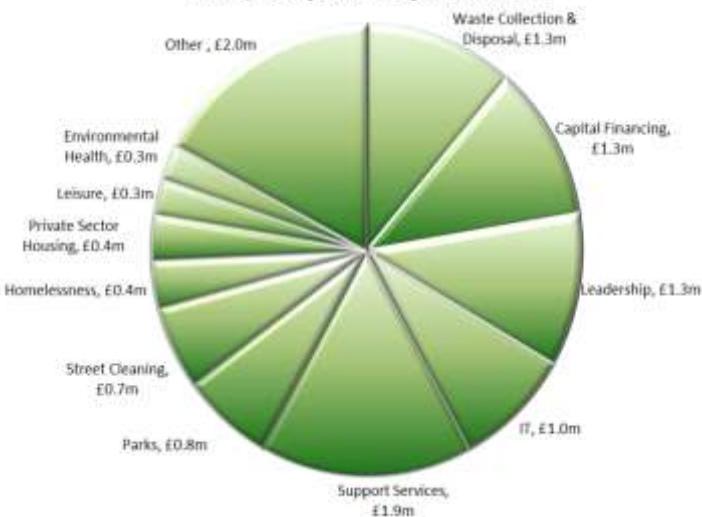
2015/16 has been a year of change for Rochford District Council; it has been through a major restructure, streamlining the organisation to enable the Council to continue to provide exceptional services in challenging financial times.

RDC Sources of funding 2015/16 £m



Note: £7.5m Council Tax = £6.3m Council Tax RDC + £1.2m Parish Precept

2015/16 Spend major item £m



These challenges have been met through strong leadership and resilience, when combined with good financial stewardship mean that RDC has reduced expenditure by £1.1m compared to the budget for the year.

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

The Council set an original budget of £9.4m for the net cost of services, excluding the contribution to reserves, this was revised in quarter 2 to £8.8m with the final outturn to £8.3m. The table below shows the comparison of the major items between these iterations.

	2015/16 Original	2015/16 Revised Budget	2015/16 Final Outturn
	£m	£m	£m
Gross Expenditure	12.0	11.3	10.9
Reversal of Parish Precept	(1.2)	(1.2)	(1.2)
Incentivised Funding	(1.4)	(1.4)	(1.4)
Total Service Expenditure	9.4	8.8	8.3
Contribution to /(from) Reserves	1.0	1.6	2.0
Budget Requirement	10.3	10.3	10.3
Revenue Support Grant	(1.3)	(1.3)	(1.3)
Retained Business Rates	(1.6)	(1.6)	(1.6)
Incentivised Funding (New Homes Bonus)	(1.1)	(1.1)	(1.1)
Collection Fund Adjustments	(0.1)	(0.1)	(0.1)
Rochford's Element of Council Tax Requirement	(6.3)	(6.3)	(6.3)

8.2 Capital Position

Capital expenditure forms a large part of our spending on the provision of services and, in line with our revenue budget setting process, our Capital Programme for 2015/16 was compiled to maximise and make the best use of the available funding to deliver projects that represented the key priorities of the Council.

The Capital Programme totalling £4.0m, covering 2015/16, was approved at 28 July 2015 Full Council meeting. Of this total, £3.1m has been spent in 2015/16. The table below shows the breakdown by project of this expenditure.

Of the £0.8m favourable variance, there is a carry forward request of £0.5m. This will allow the completion of 2015/16 agreed projects in the 2016/17 financial year. Once agreed these ongoing projects will be added to the 2016/17 capital programme agreed by Members as part of the MTFS in February 2016.

The largest item in the 2015/16 Capital programme was the purchase of the Waste Vehicles which was agreed in 2013/14 as part of the Street Cleansing and Waste Management contract negotiations.

Rochford District Council – Narrative Report for 2015/16 Statement of Accounts

Scheme	2015/16	2015/16	Variance	Variance of which is			
	Budget £	Outturn £		Overspend	Underspend	Enhancement	Carry Forward
ICT Strategy	385,600	88,823	(300,521)	-	(300,521)	-	-
Wheelie Bins	55,000	54,103	(897)	-	(897)	-	-
Vehicle Replacements	30,500	30,458	(42)	-	(42)	-	-
Waste Vehicles	2,388,782	2,385,802	(2,980)	-	(2,980)	-	-
Recycling pods (linked to new Vehicle contract)	-	45,107	45,107	45,107	-	-	-
Cemetery Equipment	10,000	-	(10,000)	-	(10,000)	-	-
Replacement Telephony system	11,900	10,805	(1,094)	-	(1,094)	-	-
Equipment Replacement Programme	18,900	41,774	18,185	18,185	-	-	-
Cemeteries	71,100	3,738	(67,362)	-	(57,662)	-	(9,700)
Depot	400,000	56,306	(343,694)	-	306	-	(344,000)
Rochford Offices	51,200	11,716	(39,484)	-	(29,484)	-	(10,000)
Rayleigh Offices	26,500	-	(26,500)	-	(16,500)	-	(10,000)
Rayleigh Windmill	8,900	8,167	(733)	-	(733)	-	-
Car Parks	63,000	-	(63,000)	-	(45,000)	-	(18,000)
Pavilion Refurbishments	30,000	-	(30,000)	-	-	-	(30,000)
Community Funding	17,050	16,865	(185)	-	(185)	-	-
Signage Enhancements	9,500	6,421	(3,079)	-	(3,079)	-	-
Play Spaces	46,800	2,400	(44,400)	-	(24,400)	-	(20,000)
Hockley Woods	22,500	2,470	(20,030)	-	(20,030)	-	-
Parks and Open Spaces Programme	61,100	19,879	(41,221)	-	(29,621)	-	(11,600)
Disabled Facilities & Home Adaptation Grants	300,000	357,184	72,902	72,902	-	-	-
Capital Programme Total	4,008,332	3,142,019	(859,028)	136,194	(541,922)	-	(453,300)

8.3 Reserves Position

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

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

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

The closing 2015/16 earmarked and grant funded reserve position is £139,318 favourable compared to the budgeted position going into 2016/17, this is mainly due to a number of carry forward requests from 2015/16 into 2016/17, which are summarised below:

- Environment Portfolio – £90,362 for Community Safety related projects as part of the Community Safety Partnership.
- Community Portfolio – £38,863 for various Environmental Health related projects, such as the Food Standards 'Scores on the Doors' and Air Quality Review'.
- Enterprise Portfolio - £16,876 for an IT related web design project not completed in the year.
- Planning Portfolio - £23,232 for various Economic Development projects to be finalised in 2016/17.

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

The general balance position is circa £0.1m favourable compared to the budgeted amount for 2016/17 due to the under spend within the revenue budget in 2015/16. 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 Cash flow position

The Council does not undertake any external borrowing in order to manage the cash flow of its capital expenditure programme. It manages its cash flows through cash backed resources which it has 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 at the Review committee.

8.5 Pension Liability

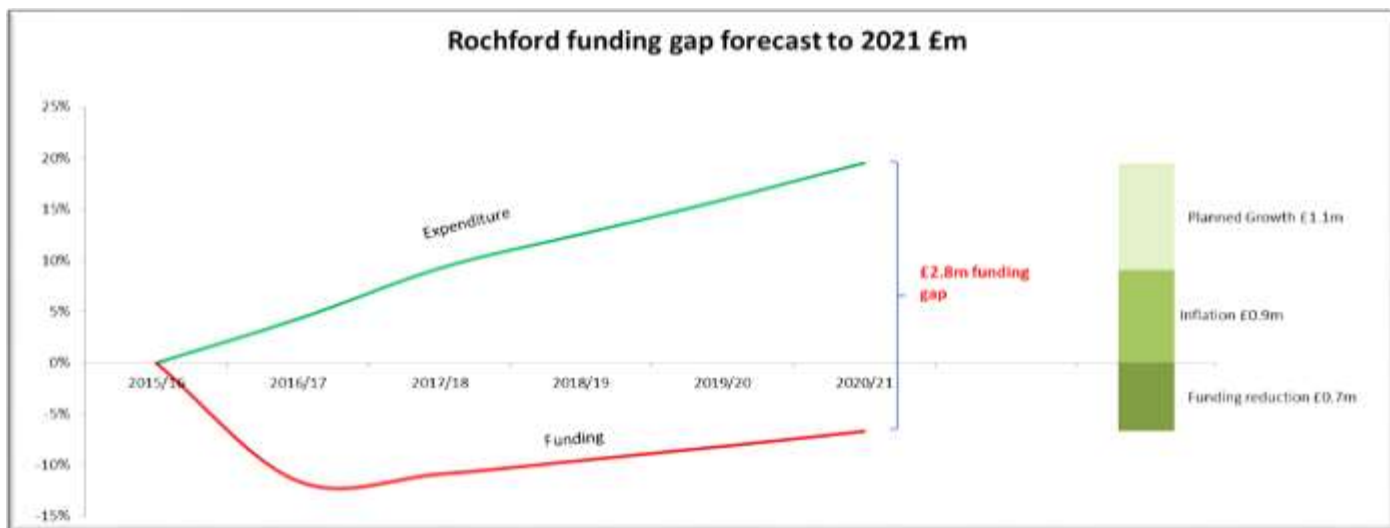
The Council participates in the Local Government Pension Scheme (LGPS) for the majority of its staff. The net estimated pension liability for Rochford District Council is £27.3m as at 31st March 2016 compared with £27.8m as at 31st March 2015. Estimation of liability is based on a number of judgements relating to the discount rate used, salary increases, changes in retirement age, longevity, interest rates, inflation and expected returns on assets.

A firm of actuaries is engaged, who carry out valuation every three years and employers contributions amended to reflect the requirement to reduce the current net liability. The latest triennial valuation was £1.99m as at 31 March 2013. The next actuarial valuation will be carried out as at 31 March 2016

9 Looking Ahead

The future position which RDC faces financially will be challenging, in the autumn a forecast difference between funding available and the expenditure of the organisation was identified of approx. **£2.8m by 2021**

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



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

However, Rochford District Council has taken bold steps in 2015/16 to address these pressures. Through **cross party workshops and collaboration**, the Council has agreed a transformation programme linked to the Rochford Business Plan which will make difficult decisions and drive savings from the cost base to meet this financial gap head on, so far **£2.4m** of savings & income ideas are being considered, leaving **£0.4m remaining gap**.

Savings & income plans of **£0.8m** were approved in the 2016/17 Budget as set in Council in February; further ideas / concepts were included for future years but these are not yet approved and will be considered in future budget rounds, but the Council cannot shy away from tough decisions that will need to be made in these fiscally challenging time.

The savings plans currently being considered for 2016/17 through to 2020/21 can be split into the following key headings, all of which are ongoing savings, net of any ongoing costs but excluding any one off funding requirements:

Business Plan Theme	Total Saving by 2021 £m
Financially Self Sufficient	(1.3)
Early Intervention	(0.5)
Maximise our Assets	(0.5)
Enable Communities	(0.0)
Total	(2.4)

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 2015/16 is presented on the Rochford District Council website.

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 2016 and of its income and expenditure for the 2015/16 financial year.

The Statement of Accounts is therefore an essential feature 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 financial decisions and monitors its financial performance.

The Statement of Accounts is centred upon the Financial Statements – all other information included within the Statement of Accounts is intended to aid interpretation of the financial statements and/or to provide further information on the financial performance of the Council during 2015/16.

The Financial Statements comprise:

- **Movement in Reserves Statement** – presents the financial resources available to the Council to support future service delivery and cope with unexpected events;
- **Comprehensive Income and Expenditure Statement** – presents information on resources generated and consumed during the year, based on generally accepted accounting practice;
- **Balance Sheet** – summarises the financial position of the Council at 31st March 2016 including the net assets it has available after settling its liabilities, and its reserves; and
- **Cash Flow Statement** – shows the changes in cash and cash equivalents during 2015/16.

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 Interim Head of Internal Audit can provide substantial assurance the controls within the key financial systems remain adequately designed and operating satisfactorily. Similarly 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 2015/16 accounts showing a robust position, which will support the Council in meeting the financial challenges of 2016/17 and beyond. The projections for future year's finances indicate a gap between the Council's expected funding streams and the Council's expenditure therefore it is essential that the Council continues with its drive to transform itself and continue on its journey of becoming financially self-sufficient.

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



Rob Manning

Section 151 Officer

ANNUAL GOVERNANCE STATEMENT FOR 2015-16

1. SCOPE OF RESPONSIBILITY

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 Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The Council acknowledges its responsibility for ensuring there is a sound system of governance, incorporating the system of internal control.

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

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises a range of systems, policies, procedures, culture and values by which the Council is directed and controlled and the methods by which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic aims and to consider whether those aims have led to the delivery of efficient and effective services.

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

This Statement is in respect of the governance framework in place at Rochford District Council for the year ended 31 March 2016 and up to the date of approval of the Financial Statements for 2015/16.

3. OUR GOVERNANCE FRAMEWORK

The Council's governance framework is a combination of systems, procedures, policies and strategies which are managed and monitored through senior management and officer and member groups.

The key elements of these governance arrangements are listed below and have been reviewed for their ongoing appropriateness as part of writing this statement.

- **Defining and communicating the Council's vision, priorities and objective and planning and managing finances**

The Council has clearly defined its vision, priorities and objectives as articulated by the **Corporate Plan** 2014-2017 which was approved by Full Council on 20 October 2015.

The Corporate Plan sets out the Council's vision under the themes of:

- Place
- Home and
- Economic Growth

Underpinning the Corporate Plan, during 2015/16, the **Business Plan for 2016 to 2020** was developed and approved by following a robust consultation process with residents, Members, Parish and Town Councils, local businesses, partner organisations and staff.

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

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

Performance indicators with annual targets are set and regularly reported to senior management and members [see below] to provide clear visibility of performance and where necessarily prompt required remedial action.

The **Medium Term Financial Strategy** (MTFS) (covering the period 2015/16 to 2019/20), including the 2015/16 **annual budget** and **capital strategy** was approved by Council on 9 February 2015. The **Asset Management Plan** was approved by Executive in 2011. The Council participated in 2015/16 in the **One Public Estate**

project to facilitate and enable local authorities to work with government and other agencies on public property and land issues through sharing and collaboration

The above collectively demonstrate effective short- and medium-term financial planning.

The above effectively link financial and business planning to enable the Council to balance the delivery of quality services along with its priorities and aspirations and maximise the effectiveness of its assets.

This MTFS considered the Council's long-term financial sustainability and recognised the key risks namely identifying a £2.8m funding gap by 2021. The MTFS then considered various options through savings, income generation and investment concepts to mitigate this risk, as proposed by officers and members alike. This strategy will be refreshed again in 2016/17, with more certainty and delivery plans built around said savings, income and investment concepts.

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

The organisation receive ***regular reports on financial health*** through quarterly executive outturn reports, biannual Treasury Management updates, two budget / MTFS refreshes. These reports are open and transparent and provide an appropriate level of detail and insight including now the potential impact on the future strategy of historic actions.

The MTFS has identified a funding gap in future years, which will have to be tackled through savings, income generation and potentially investment decisions over the coming months and years. The MTFS and associated concepts were discussed at two cross party budget away days which proved fruitful in terms of discussion and engagement between officers and members. It allowed concepts to close the budget gap in 2016/17 to be worked through and considered in advance of the Council meeting in February to allow sufficient confidence to be gained by members and the public alike.

In 2015/16, the organisation decided to employ a named Essex County Council Head of Finance as its ***Section 151 Officer***, to provide strategic finance direction and bolster the existing Finance Team. This has been in place since September 2015, and has provided the organisation with a springboard through the MTFS to identify its financial strategy, linked to the new Business Plan.

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

Recognising the need to continue with budget savings the Council continued to undertake **service reviews** of its frontline services during 2015/16, reporting action plans into Leadership Teams with the purpose of either saving costs or increasing income through additional services. The outcomes of these reviews fed into the 2016/17 budget process.

A framework has been identified for managing and monitoring the capital programme. This aims to ensure:

- Investment in statutory and priority services to ensure continuation of essential services and value for money
- Ensure that landlord and owner responsibilities are undertaken including priority items identified through the Asset Management Plan
- Improve infrastructure that has an influence on economic activity and the wellbeing of the District. This mainly relates to the improvement of town and village centres
- Address priority items flowing from key strategy documents
- External funding opportunities are maximised
- Generate revenue income or reduce revenue costs

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

• **Working with partners**

With the development of the Council's new Business Plan it was recognised that **partnership working** would be central to its delivery. The Council continues to engage with the **Castle Point & Rochford Local Strategic Partnership**.

In early 2016 a review of partnerships was undertaken to ensure partnership working remains relevant to new objectives.

However, there has been no specific assessment of whether current partnerships effectively contribute to the delivery of the Council's objectives.

The Council signed up to the **Devolution** vision for Essex in 2015/16; further developments in this regard will need to be considered for their impact on governance, business and financial planning and risk management.

The Council uses various methods of **consultation and engagement with the public** to effectively inform its services. These consist of questionnaires, face to

face, and web surveys. The Council still receives more compliments than complaints. It operates a "Have Your Say" group to engage residents.

The Council (through the Leader, the Executive and Chairman of the Review Committee) actively and regularly engage with key partners and residents to ensure the work of the Council takes into account key feedback.

Key partners consulted include Parish and Town Councils, the Police and Crime Commissioner, the Clinical Commissioning Group, the Health and Wellbeing Board, the Employment, Skills and Business Partnership and residents through subject specific meetings (for example regarding the Core Strategy).

- **Measuring and monitoring performance**

The Council has an embedded corporate **performance management system** which reports to Members on a monthly basis by a Corporate Dashboard of key indicators and an allied Exceptions Report to comment on any poorly performing measures.

Data is reviewed before publication to ensure its accuracy and that supporting commentaries are meaningful. The indicators and targets to be reported for 2016/17 are under development in conjunction with Assistant Directors and the Performance & Risk Manager.

During 2015/16 **staff performance management** was not consistently implemented across the Council. Staff performance management arrangements are currently being re-designed.

The Council currently holds the Investors in People Gold Award, obtained in 2013.

- **Defining and documenting roles and responsibilities**

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

The Executive

Review Committee

Leader of the Council

Chairman of the Council

Committees carrying out specific regulatory functions:

Development Committee,

Standards Committee

Audit Committee

Licensing Committee

Appeals Committee

Citizens

Head of Paid Service

Monitoring Officer

Section 151 Officer

Other chief officers

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

The Constitution was updated after the restructure to reflect new responsibilities and job titles etc.

A further detailed review of the Constitution commenced in 2015/16 and is due to be presented to Council for adoption in summer of 2016. This will be reviewed annually thereafter. Also included are ***Contract Procedure Rules*** which were updated and approved by Council in December 2015.

- **Setting expected standards of conduct and behaviours**

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

Staff and member induction outlines the key requirements of relevant codes of conduct.

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

The Council currently holds a ***Member Charter*** which recognises that the Council has an effective approach to Member development and continues to maintain that development by sharing experience and learning.

The Standards Committee is responsible for promoting and maintaining high standards of conduct by Councillors and co-opted Members, sat on two occasions during 2015/16. The structure and full terms of reference for the Committee are detailed in Article 9 of the Constitution.

During 2015/16, Internal Audit reviewed the processes and procedures to:

- appropriately manage Gifts and Hospitality received by officers and members; and
- declare and act on potential conflicts of interests of staff and members.

This work concluded that Members and Officers alike are aware of requirements and that there were no matters of concern arising.

- **Establishing and reviewing the decision making framework**

The ***agendas, minutes and decisions*** of the Council, Cabinet and all other committees of Council are publically available through the CMIS system. These documents are clear and published promptly.

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

The **Review Committee** provides the overview and scrutiny function. The Review Committee comprises 15 members enabling greater engagement and focus on budget issues. An annual report on the work of the Review Committee in 2015/16 was presented to the full Council on 25 April 2016.

The Review Committee has its own **programme of training**. Members of the Committee attended two courses in 2015/16 on the general role and purpose of the Review Committee and how to deliver the role of Review Committee member effectively.

The Committee Members decide their own **work plan** and how it will be fulfilled. During 2015/16 the Committee decided to undertake **in depth reviews** of the Planning Enforcement and also the Council's actions prior to the fire at Michelins Farm on 10 March 2015.

During Committee meetings they considered the complaint process at the Council, the Council's Leisure Contractors, the Community Safety Partnership, Social Care Act and the Council's commercial use of car parks charging policy. A task and finish group was also set up to allow for the consideration of the various treasury management reports which are submitted to Council throughout the year.

- **Identifying and managing risk including Business Continuity and Emergency Planning**

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

A **review of the Corporate Risk Policy and Risk Register** was reported to the Audit Committee in December 2015. A further update report will be produced in 2016.

The corporate risk register is reported to Audit Committee and senior officer every six months.

Directorate risk registers are part of Service Plans and are approved by Assistant Directors.

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

The focus of risk management work in 2015/16 was to ensure the Council was alert to, and had appropriate controls in place to manage the revised nature of the risks it

was facing in the light of the redesign of the Council's Management and Operational structure, and changing external circumstances.

Following the redesign, Operational Risk Registers were developed during 2015/16 and were in place from quarter four (i.e. January to March 2016).

There has been no specific Internal Audit work on the Risk Management framework or its operation. Operational risks were fully considered in the planning of the key financial systems audits.

The **Business Continuity Plan** has been rewritten during 2015/16 with an initial test in February 2016. Assistant Directors were required to sign off the Business Continuity arrangements for their areas following the redesign.

The plan will be further tested during the year through exercises, before a final version is published. The Emergency Plan written last year has now been established through exercise and use in response to minor incidents. The emphasis this year will be on working with our partners on a more effective collaborative response, in particular in relation to the care of people displaced from their homes in an emergency. The aim is to develop common procedures and then use these as the basis for joint training of staff.

- **Establishing and maintaining counter fraud arrangements**

During 2015/16 **counter fraud work** was limited to that associated with revenues and benefits fraud e.g. identification and investigation of false representation to claim Housing Benefit and Council Tax discounts etc. The **Housing Benefit Investigation staff** transferred to the Single Fraud Investigation Service in September 2015. Therefore since that time the Council has been without any specialist counter fraud resources.

It is acknowledged the Council needs a wider, more strategic approach to counter fraud arrangements that proactively targets significant key fraud risk in all areas of the Council's day to day business.

There are currently insufficient resources to do this. This is currently being addressed as part of the Internal Audit and Counter Fraud improvement plan adopted following the peer review of these services by Essex County Council.

By September 2016, it is planned to develop a corporate counter fraud risk assessment and strategy and to decide on the staffing model needed to deliver the strategy. This will be undertaken along with Essex County Council staff through a paid for memorandum of understanding.

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

The Anti-fraud & Corruption and the Whistle Blowing Policies were reviewed by Internal Audit during 2015/16 to determine if fit for purpose. Whilst this was

considered to be the case in general, revision is required following the restructure to ensure clarity of all required roles and responsibilities. An updated Whistle Blowing Policy is due to be presented for adoption in the summer of 2016.

Internal Audit work considers the risk of fraud in planning all individual audits.

- **Effectively managing change and transformation**

The Council went through a major redesign of its staffing and operational structures in 2014/15. The potential risk of such a significant change of personnel, roles and responsibilities was managed through close management by the Chief Executive and Directors, using strong management control, performance indicators, regular reviews and gradual handovers of responsibilities.

In future change projects and activity relating to commercial objectives will be supported by the Performance and Risk Manager who contributes to the production and review of ***project plans, associated risk registers and project management*** including reporting.

A cross-party member ***Investment Board*** was established and first met in December 2015 to provide oversight and robust governance of decisions related to the Council's change programme e.g. regarding commercial activity and investment.

The Investment Board has an approved Terms of Reference.

- **Effective discharging of statutory, key governance roles and key Council policies**

Throughout 2015/16, the Council had in place the statutorily required roles of the Head of Paid Service, Chief Finance Officer ("Section 151 Officer") and Monitoring Officer.

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

As outlined above, the agreement with Essex County Council for the provision of the Section 151 Officer ends in September 2018, with a break clause in September 2016. Therefore the Council will need to promptly identify and implement suitable arrangements after this date.

The Head of Paid Service was the Managing Director. The Monitoring Officer is the Assistant Director for Legal Services.

The Chief Executive Officer resigned in March 2016, with a leaving date of June 2016. The arrangements to fulfil the Head of Paid Service role from June 2016 onwards was decided at an extraordinary Full Council meeting in June 2016, and a Managing Director and Executive Director were appointed for a 6 month period, to be reviewed at Full Council.

The Council did not meet the requirements of the **CIPFA Statement of the role of the Head of Internal Audit** or the **Public Sector Internal Audit Standards** throughout 2015/16. Primarily, this was due to the absence of a suitably qualified and experienced Head of Internal Audit in post. The Internal Audit Service has limited resources, the sufficiency of which was highlighted as a risk by the external auditors in their 2014/15 annual report.

Internal Audit reported to the December 2015 Audit Committee on a reduced level of compliance with the **Public Sector Internal Audit standards**. This resulted in a peer review of Internal Audit by the Essex County Council Internal Audit team, with a comprehensive action plan and provision of an interim Chief Audit Executive for the period 1st April 2016 April to 31 March 2017 provided by Essex County Council through a paid for memorandum of understanding.

Due to the limitations of the coverage of Internal Audit work in 2015/16, **the Head of Internal Audit was not able to provide an opinion** on the overall adequacy and effectiveness of the council's systems of governance, risk management and internal control.

Early in April 2016 the Council's procedures for processing VAT were inspected by HMRC, with no points or recommendations arising

During 2015/16 the Council continued to complete self-assessments in respect of its commitment and approach to the **Essex Safeguarding Children and Adult Boards**. Positive feedback was received from the Children and Adult Boards in December 2015 giving a "satisfactory compliance" score and an on-going action plan is in place for those areas where the assessment scored less than 100%.

Actions over the last year included a new designated Safeguarding Officer role in addition to lead accountable officers, an internal review of safeguarding procedures and training for members and staff. Updates relating to progress on the action plan continue to be provided to the Leadership Team.

The Council's **Health and Safety policy** was updated in April 2015 following a consultation process with the Health and Safety Coordinators across the service areas and was approved by the Leadership Team.

The absence of a dedicated officer during the year prompted the commissioning of a peer **Health and Safety review** from Basildon Council to determine the level of assurance of existing controls and procedures that the Leadership Team could rely upon.

This review identified weaknesses in controls and procedures which require addressing and a range of comprehensive recommendations were accepted for implementation upon appointment of a dedicated officer, the recruitment of whom is currently under way.

The Council engaged an external organisation to conduct an **"equal pay" audit** during the year. This assessed gender pay gaps, differences in pay in protected characteristics and a consideration of the overall approach to pay in the Council.

The audit concluded the pay structure at the Council is appropriate based on length of grades, number of increments per grade and the pay span

The Council was compliant with the **Public Service Network IT security requirements** for data handling during 2015/16 confirming there are satisfactory arrangements in this regard. In addition, the Council engaged a third party to undertake **Penetration testing** of its cyber security arrangements and employs **intrusion detection software**. This further confirmed the Council has suitably robust arrangements in place.

The Assistant Director – Legal Services is the Council’s **Senior Information Risk Owner (SIRO)**. The SIRO has reviewed information governance-related policies in 2015/16. Relevant staff have received training in 2015/16 on the Data Protection Act (DPA) and the Freedom of Information Act.

There have been no reportable breaches under the DPA in 2015/16.

Whilst Information Asset Owners need to specified, relevant staff have been made aware of their responsibilities.

To further improve arrangements, an **Information Management Toolkit** is being produced. This will be in place in early 2016/17.

Each Assistant Director completed in May 2016 an evidence-based **Service Assurance Statement** that self-assesses compliance with key Council policies, controls and procedures. These must be accompanied by an action plan to address any identified areas for improvement.

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

- Staff performance management (see above)
- Health and Safety (see above)
- Recording commitments of expenditure – this will however be addressed through a new procurement system that went live in May 2016

A graphical summary of the results is included as a further appendix to this report.

In September 2015 the Council’s external auditor, presented an **unqualified opinion on the financial statements** in their final report to the Audit Committee, Audit for the year ended 31 March 2015.

4. REVIEW OF EFFECTIVENESS

The Council has a duty to conduct at least an annual review of the effectiveness of its governance arrangements including the system for internal control.

This annual review is conducted as part of producing this report, the work of Internal Audit (specifically the Head of Internal Audit's annual report), Service Assurance Statements completed by senior managers, other subject specific reports from relevant senior management, external review agencies and our external auditors.

Due to the limitations of the extent of Internal Audit work in 2015/16, ***the Head of Internal Audit was not able to provide an opinion*** on the overall adequacy and effectiveness of the council's systems of governance, risk management and internal control.

Due to the extent of organisational change over the past two years and the potential for people and working practices to have changed since the last Internal Audit coverage, there is not sufficient confidence to allow assurances from previous years to be applied to this year.

However the Head of Internal Audit can provide substantial assurance the controls within the key financial systems remain adequately designed and operating satisfactorily. Similarly the arrangements to request, receive and act upon officers and members declarations of interest and gifts and hospitality are designed adequately and operating satisfactorily.

Internal Audit track and report to Audit Committee whether its recommendations made to improve the governance arrangements, risk management processes and systems of internal control are implemented effectively and promptly.

The Annual Governance Statement considers all the work, reports and investigations throughout 2015/16 and although there is limited Internal Audit work to provide an independent assurance opinion, it is considered the arrangements and processes described above provide sufficient collective evidence the Council has adequate governance arrangements.

5. Governance Matters Arising.

The following tables set out how the Council has addressed matters arising from the 2014/15 annual review of governance and how they have been addressed in 2015/16.

The table also sets out those matters arising in 2015/16 and how these will be addressed in 2016/17.

2015/16 action plan

MATTER ARISING IN 2014/15	ACTION TAKEN 2015/16
<p>The Business Rates Retention Scheme which came into effect in April 2013, replacing the Formula Grant, transferred some of the risk of business failure and rates collection from the Government to local authorities. This continues to be a risk to the Authority.</p>	<p>Work on priority areas as outlined in the Action Plan have been worked on and the collection target was reached for 2015/16. However resources were significantly reduced throughout the year so the risk of business failure remains a cause for concern.</p>
<p>The Local Council Tax Support Scheme is due for review for 2016/17. This will require detailed funding projections and public consultations that will need to be concluded early in 2016.</p> <p>The main risk being the absence of allocated central government funding towards LCTSS.</p>	<p>The recommendation to reduce the amount of support from 80% to 72% was agreed by the Council on the 15th December 2015. The current scheme will run until April 2017 with a review and consultation taking place mid-2016. Discretionary Hardship Payment Budget has been increased to £20,000 to help support those significantly affected by the scheme change</p>
<p><i>This was recorded as a risk for 2013/14</i></p> <p>The Council faces ongoing reduction in Central Government funding over the next few years which may necessitate</p> <ul style="list-style-type: none"> • Implementing change in services and delivery of services within a shorter timeframe; • Leadership Team to take on increased responsibilities of governance and resource management; • Addressing funding challenges. <p>The main risk being the timeframe in which desired changes are agreed and implemented</p>	<p>Work was completed to develop the Business Plan 2016-2020</p> <p>Project groups, to progress the Business Plan, supported by outline project plans have been established and are now starting to be roll out</p> <p>A revised Corporate Risk Policy and Risk Register was put in place during 2015/16</p>
<p>Lack of consistently effective management of key council contracts</p>	<p>Action has been taken on all the recommendations raised by the external</p>

MATTER ARISING IN 2014/15	ACTION TAKEN 2015/16
	<p>auditors and it is believed they are implemented effectively.</p> <p>This include establishing a Contracts Management Working Group (of staff from Procurement, Finance, Internal Audit, Performance and Risk Management) to improve the processes to:</p> <ul style="list-style-type: none"> • performance management contracts • regularly review the effectiveness of contracts in operation • report to senior to management on contract management activity.

2016/17 action plan

MATTERS ARISING IN 2015/16	ACTION FOR 2016/17
<p>The Local Code of Governance has not been reviewed for a number of years (latest available on the intranet dates to 2004), in particular to ensure it reflects current structures, roles and responsibilities.</p> <p>The Constitution needs reviewing and updating to take account of recent organisational change.</p>	<p>As part of the planned review of the Constitution, the Local Code of Governance will be refreshed and updated where needed.</p>
<p>Ensuring financial resilience given planned future reductions in Central Government funding. Ensuring effective processes to identify and then deliver required savings.</p>	<p>The Medium-Term Financial Strategy will be reviewed and refreshed in 2016/17 with a focus on firming up the current plans to deliver savings, generate income and progress investment opportunities.</p>
<p>Implementation of the new top tier management arrangements during 2016/17.</p>	<p>New Managing Director and Executive Director in place, review in 6 months as per Council recommendation.</p>

	Reports will be provided to members throughout 2016/17 as necessary.
<p>Undertaking insufficient Internal Audit work completed to provide an annual audit opinion.</p> <p>Securing provision of Chief Audit Executive and the future delivery of the Internal Audit and Counter Fraud service when agreement with Essex County Council expires</p>	<p>A Business Case will be developed to assess the options for the future model of delivering Internal Audit and Counter Fraud services to address the identified issues, including the provision of the Chief Audit Executive role.</p>
<p>Establishing a trading arm to effectively identify relevant commercial opportunities and ensuring robust governance and oversight of decision making and outcomes.</p> <p>Staff capacity and capability to work in a commercial manner.</p>	<p>Establishing a trading arm will be considered by Full Council in June 2016.</p> <p>The oversight of its operations and effectiveness of outcomes will be determined and reported accordingly.</p> <p>If appropriate its arrangements and operation will be subject to Internal Audit review.</p>
Improving corporate health and safety arrangements	The action plan arising from the peer review will be addressed and progress reported to senior management and members during 2016/17.
Improving staff performance management and development processes	A new staff appraisal system is being developed as a Business Plan project as part of the Transformation programme. This will include performance and development.
Improving Information Governance arrangements	<p>The Information Management Toolkit will be finalised and communicated.</p> <p>Information Asset Owners will be nominated.</p>

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

Signed: **Date:**

Managing Director

Signed: **Date:**

Leader of the Council

SAS Responses

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
KLU	Commercial Services	Customer, Revenues & Benefits	Housing	Open Spaces	Street Scene	Car Parks	Emergency Planning	Planning	Democratio Services	Internal Audit	Health & Safety	Rest of Legal	Resources	Transformational Services	Questions Asked
1	Corporate Vision, Values and Service Planning														
1.1	Y	Y	P	Y	Y	Y	Y	Y	Y	Y	P	Y	P	Y	Do your officers have a good understanding of what they need to do to support the delivery of RDC's Business Plan?
2	Value For Money & Budgetary Controls														
2.1	P	P	P	P	P	Y	Y	Y	Y	Y	N	Y	Y	Y	Do you have adequate budgetary control arrangements and measures for assessing and improving value for money?
3	People														
3.1	P	Y	Y	P	P	P	Y	Y	Y	Y	Y	Y	Y	Y	Do you have effective arrangements for the proper induction or exit of personnel coming into or leaving the Service Area?
3.2	Y	Y	Y			P	Y	Y	Y	Y	Y	Y	Y	Y	Do you have effective arrangements for monitoring Declarations of Interests and Gifts & hospitality?
3.3	Y	P	P	P	P	P	P	Y	P	N	N	N	N	P	Do you have effective arrangements for performance and talent management?
4	Infor														
4.1	P	Y	Y	P	P	Y	Y	Y	Y	Y	Y	Y	Y	Y	Does your service area comply with the Information Management and Security Policies and Standards?
4.2	N/A	Y	Y	Y	Y	Y	Y	Y	N/A	N/A	N/A	N/A	N/A	Y	Have any incidents involving the loss or theft of information all been adequately dealt with?
5	Partnerships														
5.1	Y	P	Y	Y	Y	Y	Y	Y	Y	N/A	N/A	Y	Y	Y	Do you have appropriate arrangements for the management of relationships with partners or companies in whom RDC has an interest?
6	Risk Management														
6.1	P	Y	P	Y	P	P	Y	Y	Y	Y	Y	Y	Y	Y	Do you have appropriate arrangements for the early identification of risks relating to your service and the management and mitigation thereof?
6.2	P	Y	P	Y	P	P	Y	Y	Y	Y	Y	Y	Y	Y	Are you well placed to ensure business continuity in the event of a serious incident affecting service delivery?
7	Corporate Governance														
7.1	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Do you have clear arrangements for effective decision making?
7.2	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Do you have effective arrangements for investigating any whistleblowing allegations?
7.3	P	Y	Y	P	Y	P	Y	Y	Y	Y	Y	Y	P	Y	Do you have an adequate internal control system in place?
7.4	Y	Y	Y	P	Y	P	Y	Y	Y	Y	Y	Y	Y	Y	Are your contracts procured in accordance with the procurement rules, financial regulations, EU rules and domestic legislation?
7.5	Y	N	Y	Y	Y	Y	Y	Y	N/A	Y	Y	Y	Y	Y	Do partners / contractors have forms of assurance that support their own systems of internal control in support of their relationship with the Council?
8	Equalities														
8.1	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Do managers understand the Council's obligations with regard to the public sector equality duty?
8.2	Y	Y	P	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Do you take account of E&D implications in all you do and take action in areas where there is a risk of adverse impact?
9	Health & Safety														
9.1	P	P	Y	N	N	N	Y	Y	P	P	P	P	Y	P	Do you have appropriate arrangements in place to protect the health and safety of staff, service users, members and visitors?
	Y	Yes	P	Partial	N	No									

Independent auditor's report to the members of Rochford District Council.

Opinion on the Authority's financial statements

We have audited the financial statements of Rochford District Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Movement in Reserves Statement;
- Cash Flow Statement;
- The related notes 1 to 32; and
- Collection Fund and related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

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

Respective responsibilities of the Section 151 Officer and auditor

As explained more fully in the Statement of the Section 151 Officer Responsibilities set out on page 51, the Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Section 151 Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Rochford District Council as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Opinion on other matters

In our opinion the information given in the Statement of Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;

- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

Authority's responsibilities

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

Auditor's responsibilities

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether Rochford District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Rochford District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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

Basis for Qualified Conclusion

- Proper arrangements for informed decision making

The Council has not complied with Section 5 of the Accounts and Audit Regulations 2015 by not undertaking an effective internal audit to evaluate the effectiveness of its risk management and governance processes. Internal Audit has not complied with the UK Public Sector Internal Audit Standards in a number of significant areas during 2015/16. The Council did not appoint a Chief Audit Executive with the qualifications or experience required by the Standards from September 2015 to 31 March 2016 and did not put in place alternative arrangements to deliver the same impact as indicated within CIPFA Statement on the Role of the Head of Internal Audit.

The Council has reported publicly this weakness and is addressing in the 2016/17 financial year.

This issue is evidence of weaknesses in proper arrangements for informed decision making and acting in the public interest, through demonstrating and applying the principles and values of good governance

Qualified Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, with the exception of the matter reported in the basis for qualified conclusion paragraph above, we are satisfied that, in all significant respects, Rochford District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

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

Kevin Suter (senior statutory auditor)

For and on behalf of Ernst & Young LLP, Appointed Auditor
Luton

September 2016