

SUPPLEMENTARY PACK

DIRECTOR OF STRATEGY,
PERFORMANCE AND
GOVERNANCE'S OFFICE
DIRECTOR OF STRATEGY, PERFORMANCE
AND GOVERNANCE
Paul Dodson

26 November 2020

Dear Councillor

PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE – 26 NOVEMBER 2020

Following approval of the accounts by the external auditors please find enclosed in relation to Agenda Item 8 below an updated Statement of Accounts 2019/20 Report, an updated Appendix 1-Statement of Accounts and a new Appendix 2- Letter of Representation, for consideration at the above meeting, which were unavailable when the agenda was printed.

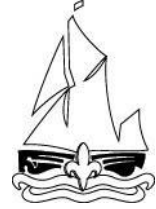
8. Statement of Accounts - 2019/20 (Pages 3 - 104)

Yours faithfully



Director of Strategy, Performance and Governance

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UPDATED

REPORT of DIRECTOR OF RESOURCES

**to
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE
26 NOVEMBER 2020**

STATEMENT OF ACCOUNTS 2019/20

1. PURPOSE OF THE REPORT

- 1.1 To present the Statement of Accounts for 2019/20, which includes the Annual Governance Statement, at **APPENDIX 1** for approval.

The Council's external auditor is Deloitte LLP, and the financial year ended 31 March 2020 (2019/20) is their second year as the appointed external auditor.

2. RECOMMENDATIONS

- (i) That the Statement of Accounts for 2019/20, including the Annual Governance Statement, at **APPENDIX 1** be approved.
- (ii) That the letter of representation at **APPENDIX 2** be approved.

3. SUMMARY OF KEY ISSUES

- 3.1 The content of the Statement of Accounts is determined by statutory requirements and mandatory professional standards as set out within The Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the International Financial Reporting Standards (IFRS) as applicable to local authorities.
- 3.2 There is a requirement to publish the approved and audited Statement of Accounts by 30th November this year or an explanation of why this has not been possible. The Accounts and Audit Regulations 2015 allow for the publication to be "as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit". Committee should note that there is a separate report on the agenda titled 'ISA 260 Report of the External Auditor on the Audit for the year ended 31 March 2020' which is the report of the findings of the external auditor.
- 3.3 The auditors have completed the audit of the accounts and have issued the letter of representation for the Council to sign at **APPENDIX 2**.
- 3.4 The Statement of Accounts includes the Annual Governance Statement (AGS). The AGS was approved by the Committee on 30th July. The external auditors have since

recommended a conclusion is added to the AGS, and this has been done and is included in **APPENDIX 1**.

4. CONCLUSION

- 4.1 Based on the work that Deloitte LLP Have completed, no material issues with the Council's accounts for 2019/20 have been identified. The findings of the auditors are set out in the separate report on the agenda for this meeting titled 'ISA 260 Report of the External Auditor on the Audit for the year ended 31 March 2020.

5. IMPACT ON STRATEGIC THEMES

- 5.1 Financial resources are a key factor in ensuring the deliver of the strategic themes.

6. IMPLICATIONS

- (i) **Impact on Customers** – None directly.
- (ii) **Impact on Equalities** – None directly.
- (iii) **Impact on Risk** – None directly.
- (iv) **Impact on Resources (financial and human)** – None directly.
- (v) **Impact on the Environment** – None directly.
- (vi) **Impact on Strengthening Communities** – None directly.

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STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2020



This document can be made available on request in larger print, braille and audio and in languages other than English.

To obtain a copy in an alternative format please go to the online form at:

www.maldon.gov.uk/contact

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Narrative by the Section 151 Officer

Introduction

I am pleased to present the Statement of Accounts for Maldon District Council for 2019/20.

Our Purpose and Role

As a District Council we exist to:

- ensure the provision of good quality and improving local services accessible to all those who need them;
- promote improvement in the quality of life for all our residents;
- use our devolved powers of regulation for the wider good; and
- champion the needs of the District at local, regional and national levels.

We play a number of roles that affect how directly we will control or influence meeting the goals for the District. In summary these roles are:

As Regulator – We hold various regulatory powers such as planning, licensing, and environmental health. Through these we can have both direct control and indirect influence over other organisations and their actions.

As Service Provider – In addition to our regulatory service provision, we also have a statutory duty to provide a number of other services that are vital to the local community including refuse and recycling collection, housing benefit provision, council tax collection, and assisting the homeless. Councils also have a role in advancing the health, economic, cultural and leisure agendas.

As Community Leader – As the democratically elected body for the District, we have a role in leading on issues important to our local communities, working with them to help shape their aspirations and explore ways in which they can be delivered; advocating on behalf of them at national, regional and county levels, and planning and safeguarding for the future of our District and its communities.

As Partner – We have a good track record of working in partnership with various organisations to deliver services and secure improvements for our local communities. Difficult financial times reinforce the need to review how we, and others, support and facilitate partnership working in the District in the future. Effective partnership working can be key to addressing some of the wider ranging issues and we will continue to work with partners to help deliver shared ambitions where appropriate.

Maldon is a rural District in the heart of Essex. The population is ageing, but also growing as there are a number of large housing developments in the area. These form key triggers for the Council's objectives around supporting the demographic and ensuring that there is the relevant infrastructure for the growing demand.

The purpose of the Statement of Accounts is to provide clear information to readers on how Maldon District Council has utilised available financial resources using CIPFA's code on Local Council Accounting, based on International Financial Reporting Standards (IFRS). This document provides details of the Comprehensive Income and Expenditure for the financial year 2019/20. The report provides the accounting for the General Fund and Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of the assets and liabilities as at 31 March 2020. Other supporting statements are provided to help to explain the figures in the accounts. In addition, a glossary can be found at the back of this publication to help explain some of the technical terms.

The accounts and other relevant documents are subject to audit by Deloitte LLP who provide their opinion on the Council's statement of accounts.

The Statement of Accounts

The Statement of accounts for the year ended 31 March 2020 consist of the following statements:

Statement of Responsibilities

The statement sets out the respective responsibilities of Maldon District Council (the Council) and the Section 151 Officer, who is responsible for Finance.

Independent Auditor's Report

The Independent Auditor is required to publish an opinion on whether the financial statements give a true and fair view of the financial position and the expenditure and income of the Council for the year in question. The auditor also has a responsibility to satisfy themselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources by review and examination of the Council's corporate performance management and financial management arrangements. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice which external auditors follow when carrying out their duties.

The Financial Statements:

PRIMARY STATEMENTS

Comprehensive Income and Expenditure Statement

The comprehensive income and expenditure statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the movement in reserves statement.

Movement in Reserves Statement

The movement in reserves statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory general fund balance movements in the year following those adjustments.

Balance Sheet

The balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves 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'.

Cash flow statement

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

Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. The accounting policy for the valuation of fixed assets has been amended to reflect the new practice of valuing one fifth of the asset base each year. No other accounting policies have been amended this year.

Notes to the Accounts

The Notes provide further breakdown and explanation of amounts included in the above financial statements.

Further supplementary financial statements and other additional information are provided, comprising:

Collection Fund

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Summary of the Financial Outturn for the Year

The overall CIES shows a surplus of £1.8m (£2.1m in 2018/19) comprising of the following:

2018/19		2019/20
£000		£000
1,749	(Surplus)/Deficit on Provision of Services	569
(3,938)	Other Comprehensive Income and expenditure surplus	(2,394)
(2,189)	Total Comprehensive Income	(1,825)

The Council is required to determine its revenue (including amounts from Council Taxpayers) and capital resources according to statutory regulations rather than IFRS. Adjustments must therefore be made to the Surplus or Deficit on Provision of Services to reconcile the IFRS accounts to the actual change in the Council's resources available as reflected in the Usable Reserves.

2018/19		2019/20
£000		£000
1,749	(Surplus)/Deficit on Provision of Services	569
(1,840)	Adjustments between accounting basis and funding basis under regulations	(1,975)
(91)	(Increase)/Reduction in Usable Reserves of the Council	(1,405)
	Comprising:	
(610)	(Increase)/Reduction in Revenue Balances and Reserves	(2,216)
519	Reduction in Capital Balances and Reserves	809

Revenue Expenditure and Sources of Finance

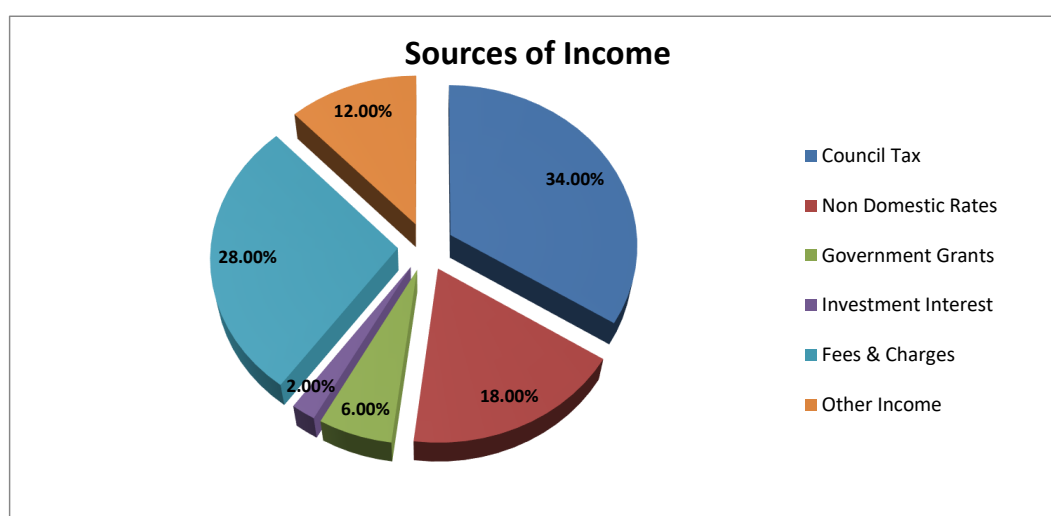
The prior year has been restated as there has been a change in directorate structure in the current year. No chief executive expenditure was incurred this year.

Revenue expenditure reflects the cost (on an IFRS basis) to the Council of providing services to the community. Revenue expenditure totalled £29.6m (£32.1m for 2018/19).

2018/19		Service	2019/20	
Gross Exp			Gross Exp	
£000	%		%	£000
2,013	6	Chief Executive	-	-
3,457	11	Resources Directorate	16	4,718
22,729	71	Service Delivery Directorate	75	22,190
3,944	12	Strategy, Performance and Governance Directorate	9	2,716
32,143		Cost of Services		29,624

Revenue Expenditure and Sources of Finance (Cont.)

Funding for the revenue expenditure comes from a variety of sources:



Performance against net revenue budget

The estimated net revenue expenditure for the Council for 2019/20 was originally £10,699,000. Subsequent to the original budget being agreed this was revised to £9,966,000. The main reasons for the higher funding than budgeted were unexpected grants totalling £360k and NNDR savings and surpluses relating to this year and the previous year amounting to £457k.

Actual net expenditure for the year was £9,948,844, the detail of which is shown in the table below.

The main reasons for the underspend of expenditure were delays to 2019/20 budgeted expenditure of £602k, which are now committed in 2020/21, salary vacancies totalling £241k, better than budgeted performance on investments and rental income of £184k, and Council Tax collection better than budgeted for in the performance agreement with Essex County.

	Revised Budget £000	Actual Expenditure £000	Variance £000
Resources Directorate	4,192	4,612	(420)
Service Delivery Directorate	4,592	3,638	954
Strategy, Performance and Governance Directorate	1,182	1,699	(517)
Net Cost of Services	9,966	9,949	17
Investment, Trading & Rental Income	(316)	(500)	184
Statutory Adjustments	(1,024)	(2,075)	1,051
General Grants & Other Income	(863)	(1,169)	306
Council Tax Receipts	(6,307)	(6,512)	205
Business Rate Income	(2,982)	(3,439)	457
Collection Fund Adjustment	(148)	69	(217)
Parish Precepts	1,463	1,463	-
Transfer to / (from) Earmarked Reserves	176	1,503	(1,327)
Transfer to / (from) General Fund	35	712	(677)

Capital Expenditure

Capital expenditure for 2019/20 was £776k (£496k for 2018/19), including intangible assets of £449k. This compares with a revised budget of £1,207k

A summary of the key capital schemes for 2019/20 is shown below:

Scheme	2019/20 Budget	Actual spend to 31 March 2020
	£000	£000
Vehicle and Plant replacement	128	123
Information and Computer Technology	672	444
Maldon Promenade Park	176	19
Parks and Open Spaces	41	64
Cemeteries	49	15
Car Parks	141	111
Total	1,207	776

The Key Variance relates to Information and Computer Technology and Maldon Promenade Park, both of which are projects that spans more than one accounting period, there are no known delays on these projects and are work still in progress.

Pension Fund

The Council's share of the assets and liabilities of the Pension Fund is a net liability. The net liability has reduced by £0.661k to £24,874k a further explanation can be found in note 37 to the Core Financial Statements. It is important to understand that the net pension liability is a position taken at just one point in time. Market prices can move up as well as down in the short term and it is therefore not possible to quantify what long term effect the movement in market prices will have on the Pension Fund.

The net pension liabilities have decreased after actuaries allowed for Employer Asset investment returns, contributions paid into and estimated benefits paid from the fund and after projecting future cashflows to be paid from the fund, together with Demographic and Statistical assumptions including mortality projections.

There is further uncertainty over the unknown future impact the COVID-19 pandemic might have on the asset values.

On 27 June 2019, the Supreme Court refused the Government permission to appeal the McCloud case in respect of age discrimination and pension protection. Barnett Waddingham have calculated a potential balance sheet effect with respect to the Maldon District Council to be 0.7% of total liabilities. As such a contingent liability exists as at 31 March 2019. Based on the year-end liability position of the Fund, the increase in estimated total value of the Fund's promised retirement benefits as at 31 March 2019 would be approximately £0.547million, this was

Provisions/Contingencies

The Council makes provisions for Bad Debts and for Business Rate Appeals that have been assessed as having a "probable" success rate. No appeals were settled by the Valuation Office during 2019/20. (Nil 2018/19) The increase in provision therefore reflects a further possible year of backdated claims. There were no material write offs during 2019/20. The Council also has earmarked reserves set aside for contingent liabilities i.e. "possible" obligations. A further explanation can be found in note 21 to the Core Financial Statements.

Future Outlook Revenue

The Council has implemented a whole Council transformation programme titled the Future Model over the years 2018/19 and 2019/20 to save on costs and raise additional revenue totalling £1.89m by 2022/23. This was in response to the revenue budget gap identified in its Medium Term Financial Strategy. The Council has also approved a Commercial Strategy that will look to develop an approved list of potential commercial projects to create new or increased revenue streams. The Council has been pro-active and forward looking in ensuring its future sustainability. It continues to hold robust levels of reserves.

The Council's general fund balances excluding earmarked reserves totalled £5.481m at 31 March 2020 (£4.769m at 31 March 2019) and cash balances were £12.116m at 31 March 2020 (£7.877m at 31 March 2019).

The General Fund balances at 31 March 2021 is forecast to be £3,932k in the MTFS. This reserve is a general reserve and not earmarked for any future expenditure. Therefore, this balance is available to cover any COVID-19 related additional expenditure or losses in income that occur, although the minimum level for this reserve is set at £2.6m. Based on the current estimated impact of COVID 19 the reserve is not forecast to drop below £2.6m in the short term.

However, there is uncertainty around the recovery of the economy. Reductions in Council Tax, business rates income and debt collection could occur in future years and put future pressure on the general fund balance.

Capital

Estimated Future Capital Spending plans	2020/21	2021/22	2022/23	2023/24
Project Title	£000	£000	£000	£000
Vehicle & Plant Replacement	79	22	22	22
Information & Communication Technology	35	35	35	35
Sport Facilities	25	-	80	-
Parks and Open Spaces	74	-	-	-
Splash Park new elements	10	-	-	-
Housing	420	420	420	420
Maldon Cemetery	25	-	-	-
Other New Projects	52	-	-	-
Total Capital Programme	719	477	557	477
Financed by:				
Capital Receipts	299	57	137	57
Government Grant	420	420	420	420
Total Funding	719	477	557	477

The above table shows the capital spending plans of the Council in line with the Medium Term Financial Strategy approved on 14 February 2019.

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is a reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

The £420k planned expenditure for Housing relates to the Disabled Facilities Grant Programme which gives money to claimants for disabled adaptations on their home. This is funded by Central Government.

Risks

The biggest risk to the Council is the future uncertainty around funding. There is already a significant funding gap identified in the Medium Term Financial Strategy. There remains ongoing uncertainty on the future system of local government funding and how Maldon will fare within it. There will also be the new system for Business Rates retention that is being moved away from the 100% retention scheme originally proposed to a lower percentage and with a baseline rates reset removing the greater potential for retained growth income.

The current pandemic has affected Maldon District Council's finances significantly and created a funding gap of £2.404m going into the 2020/21 financial year, as reported in the Medium Term Financial Strategy to Council in July. Since then the situation has improved with a further £0.712m contributed to the General Fund balance after a better than expected Outturn position and a further £0.097m contributed towards Coronavirus pressures from Central Government. The government has also indicated that they will support income lost by local authorities due to the recent lockdown, although the details of this are yet to be fully released. MDC is currently reviewing its current and future Reserves, and Revenue and Capital Budgets in order to address the remaining funding gap and steer the Council back towards sustainability

Government has not pre-announced any future financial settlement for 20/21 and beyond, nor given any indication of future resource levels for local government via a Spending Review. This coupled with an overhaul of the business rate retention scheme for funding and a review of funding allocations via the fair funding and the resources and needs review means the levels of support from Government, in terms of funding, are very uncertain. The Council is in a good position to address this uncertainty via its sound financial management and planning, alongside prudent levels of reserves needed in times of uncertainty. The Council will be monitoring all announcements by Government with respect to its proposals and ensuring that the Council reply to all consultations to ensure the interests of the Council and our residents are strongly represented.

Brexit

There is continued uncertainty over the effects for the UK of the departure on 31 January 2020 from the European Union but the Council will be monitoring all developments during the year to ensure any potential financial impacts on the Council are anticipated.

COVID 19**Narrative Impact**

There is further uncertainty over the impact of COVID-19. The government has announced a number of measures to support the country including grants and reliefs for businesses, which the Council administers. Additionally, £3.2 billion of grant funding was issued to local authorities of which Maldon District Council received £672k.

Provision of Services and Work Force

At an extraordinary Council meeting on 17 March 2020 the decision was taken to begin operating under emergency powers which meant that going forwards any one of the three directors would be able to make decisions about Council business. Decision making took place in consultation with the Leader of the Council, Leader of the Opposition and Chairman of the Council. This group of six people met regularly as the Interim Measures Group to discuss business that needs to be dealt with and to discuss any decisions made.

One of the first decisions taken was a move to home working for all office-based staff and to close the offices to the public. The Council was able to do this with little impact on service delivery and only required some minor changes in processes. This smooth transition can be attributed to all the hard work that took place during the Transformation last summer and the installation of up-to-date IT. Staff that continued to work out in the field took all necessary measures to ensure that they comply with social distancing measures at the time. As a result, the impact on Council services has been minimal.

To steer Maldon District Council through the Coronavirus crisis, the Gold Corporate Leadership Team (Gold CLT) was set up consisting of the three Directors, who meet daily, as well as an Extended Leadership Team consisting of CLT and Tier 2 Managers, who met fortnightly.

Operational Teams responded to the crisis both by introducing new processes and by modifying service delivery to ensure that they are delivered in compliance with Government emergency legislation and directives, along with directives from CLT and ELT e.g. payment of business support grants and delivering services whilst complying with social distancing guidance.

Financial

To respond to the pandemic additional resources and equipment have been required that were not in the Council's Medium Term Financial Strategy (MTFS). Additionally, a significant drop in income has occurred from fees and charges, particularly car parking income.

Government announced £3.2 billion of additional funding for local government to help them respond to coronavirus pressures across all the services they deliver. Maldon District Council received £672,215 relating to the 2020/21 financial year.

The General Fund balances at 31 March 2021 is forecast to be £4,068k in the MTFS. This reserve is a general reserve and not earmarked for any future expenditure. Therefore, this balance is available to cover any COVID-19 related additional expenditure or losses in income that occur, although the minimum level for this reserve is set at £2.6m. Based on the current estimated impact of COVID 19 the reserve is not forecast to drop below £2.6m in the short term.

However, there is uncertainty around the recovery of the economy. Reductions in Council Tax, business rates income and debt collection could occur in future years and put future pressure on the general fund balance.

The Council invests money and has managed its cashflows through the pandemic. The option to use the Debt Management Office has been identified as a mitigating action should placing money with counterparties that meet the investment criteria be an issue.

Recovery

As part of the recovery process a revised MTFS will be prepared. This will identify the financial impact of COVID-19 and estimated impact in future years to inform decision making.

The Council is developing a recovery plan feeding in guidance from government as it is issued. This includes commencing the Committee meeting cycle and reopening Council offices whilst complying with social distance requirements.

There will be numerous issues that will impact on the Council as a result of the COVID-19 pandemic. The Council began to see the most substantial impacts of COVID-19 in late March 2020 and therefore before the end of the reporting period. It is likely that there will be more non-adjusting rather than adjusting events. The Council will need to make significant judgements about these decisions and the nature of the COVID-19 pandemic will mean that they will need to continually review and update these assessments up to the date the accounts are authorised for issue.

Opportunities

The Council are always looking at opportunities for joint working with other bodies, this could be something as simple as joint procurement of a service, or on a larger scale the joint provision of a service.

With the greater freedoms now available to Local Government, Maldon District Council are starting to explore commercial opportunities to assist in meeting the gaps in future finances.

Performance Information

The Corporate Plan covering the period 2021/2024 was updated and adopted by the Council in February 2020. The Plan sets the vision and corporate goals and provides strategic direction for the planning and delivery of the Council's work. For each goal, the Plan details the objectives the Council is striving to achieve.

APPENDIX 1

Each year the Corporate Leadership Team (CLT), together with managers, identifies the key corporate activities that will be taken forward to contribute to the achievement of the priorities and objectives. These are approved by Council and are monitored quarterly at a corporate level by CLT at performance and risk clinics which also involves the service managers. Targets for a number of key performance indicators are also agreed by Council and monitored corporately to manage performance and track the impact of the actions/provide evidence of achievements. Quarterly performance reports are submitted to the Overview and Scrutiny Committee which scrutinises decisions made by, and the performance of Committees and Council Officers.

The key corporate activities are detailed in the Level 1 Business Plan for each Directorate. This plan is the cornerstone of the performance planning process and contains the aims and priorities for each Directorate and are submitted to the Programme Committees for notification. At an operational level, each service produces a Level 2 business plan. These are not submitted to Committee, but facilitate effective performance and risk management within the Directorates including the setting of individual objectives and completion of performance reviews

Updates on the key corporate activities and the performance indicators are recorded by the responsible officers on TEN, the Council's corporate performance and risk management system. These updates form the basis of the quarterly performance reports to CLT and the Overview and Scrutiny Committee. Six monthly performance reviews are also undertaken by the Programme Committees.

Individual staff objectives flow from the key corporate and service activities.

Quarterly performance information is published on the Council's website and all the performance reports submitted to the Committees are accessible via the website.

The Key Performance Indicators monitored include:

Key Performance Indicator/Measure	2018/19		2019/20		2020/21
	Target	Actual	Target	Actual	Target
Level of reported crime (no. of incidents)	<2,422	3,330	Tracking measure w.e.f. 18/19 - no target to be set	Tracking measure w.e.f. 18/19 - no target to be set	Tracking measure w.e.f. 18/19 - no target to be set
Percentage of Council Tax collected*	98.30%	98.55%	98.30%	98.34%	95.00%
Percentage of Non-domestic Rates collected	98%	97.95%	98%	98.45%	98%
Time taken to process Housing Benefit/Council Tax Support - new claims (days)**	15 days	28.63 days	15 days	10.68days	15 days
Time taken to process Housing Benefit/Council Tax Support – change of circumstances (days)**	8.5 days	6.27 days	8.5 days	4.33 days	8.5 days
Percentage of major planning applications processed within 13 weeks	80%	91.23%	80%	90.90%	80%
Percentage of minor planning applications processed within 8 weeks	75%	97%	75%	89.80%	75%
Percentage of other planning applications processed within 8 weeks	85%	99.24%	85%	96.70%	85%
Quality of decisions: percentage of the total number of decisions on applications made during the assessment period overturned at appeal (major applications)	8.50%	97%	8.50%	no data available	8.50%
Quality of decisions: percentage of the total number of decisions on applications made during the assessment period overturned at appeal (non-major applications)	8.50%	99.24%	8.50%	no data available	8.50%
Total Kilogrammes of household waste arising per household (annual)	790kg	825.8kg	790kg	829kg	790kg
Percentage of household waste sent for reuse, recycling and composting	58%	58.80%	58%	58.10%	58%
Total Kilogrammes of residual household waste per household	350kg	339kg	350kg	347kg	350kg
Average number of working days lost due to sickness per FTE	8 days	7.02 days	8 days	8.18days	8 days

*Percentage of Council Tax collected is showing a downward trend both nationally and across Essex. There are measures in place to legislate for longer repayment periods and breathing space too therefore the target has been lowered here.

**Additional resources were used to target these areas in 19/20 and to sustain high levels of performance following a significant organisational restructure.

The target for 20/21 has not been reduced as the Council is anticipating a significant increase in work levels in the latter part of 2020 as the furlough scheme comes to an end, businesses restructure and staffing levels reduce. The situation was monitored closely throughout 2019/20 resulting in a significant reduction in actual as compared to target days.

Other measures that are not wholly within the Council's control are also "tracked" during the year.

These are linked to the corporate goals and objectives. Monitoring the performance of these provides evidence of progress towards achieving our goals and outcomes.

Further Information

Further information about the unaudited accounts is available from the Section 151 Officer, Maldon District Council, Princes Road, Maldon, Essex. CM9 5DL

Transparency information concerning the Council's spend with suppliers is detailed on the website (www.maldon.gov.uk).

Signed  Christopher Leslie
S.151 Officer
Date: 31 May 2020

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Council's Responsibilities**

The Council is required to:

- (i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Section 151 Officer;
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (iii) approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) / LASAAC Code of Practice on Local Council Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts the Section 151 Officer has:

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) complied with the local Council Code.

I certify that these accounts were considered and approved by the Committee at its meeting held on 26 November 2020

On behalf of Maldon District Council
Councillor J Stilts
Chairman of the Performance, Governance and Audit Committee

Signed:

Date: 26 November 2020

The Section 151 Officer has also:

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

I certify that this audited Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2020 and its income and expenditure for the year then ended.

Signed



Christopher Leslie
S.151 Officer
Date: 26 November 2020

EXPENDITURE FUNDING ANALYSIS

The Expenditure and Funding Analysis is a note to the Financial Statements, however it is positioned here as it provides a link from the figures reported in the Narrative by the Section 151 Officer to those in the Comprehensive Income and Expenditure Statement.

The prior year has been restated as there has been a change in directorate structure in the current year as the amounts are not comparable.

The objective of the Expenditure and Funding Analysis is to demonstrate to Council taxpayers how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The accounting and funding basis is presented more fully in note 9

2018/19			2019/20		
Net Expenditure Chargeable to the General Fund restated £000's	Adjustments Between Funding and Accounting Basis restated £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement restated £000's	Net Expenditure Chargeable to the General Fund £000's	Adjustments Between Funding and Accounting Basis £000's	Net Expenditure in the Comprehensive Income and Expenditure Statement £000's
1,986	2	1,988	-	-	-
		Corporate & Democratic Directorate			
3,535	(163)	3,371	4,449	162	4,612
		Resources Directorate			
2,495	593	3,087	2,699	939	3,638
		Service Delivery Directorate			
1,591	474	2,066	1,698	1	1,699
		Strategy, Performance and Governance Directorate			
(1,402)	1,402	-	(1,425)	1,425	-
		Absence Accrual and IAS19 Adjustments included in the above			
8,205	2,307	10,512	7,421	2,528	9,949
		Net Cost of Service			
(8,818)	55	(8,764)	(9,636)	257	(9,379)
		Other Income and Expenditure			
(613)	2,363	1,749	(2,215)	2,785	569
		Surplus or Deficit			
6,718			7,328		
		Opening General Fund Balance at 1 April			
610			2,215		
		Add (deficit)/surplus on General Fund in year			
7,328			9,543		
		Closing General Fund balance at 31 March			

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

APPENDIX 1

2018/19	2018/19	2018/19		2019/20	2019/20	2019/20
Gross Expenditure restated £000	Gross Income restated £000	Net Expenditure restated £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
-	-	-		-	-	-
4,091	(61)	4,029	Corporate & Democratic Directorate	4,718	(107)	4,612
25,951	(21,541)	4,411	Resources Directorate	22,190	(18,553)	3,638
2,102	(29)	2,072	Service Delivery Directorate	2,716	(1,016)	1,699
			Strategy, Performance and Governance Directorate			
32,143	(21,631)	10,512	COST OF SERVICES	29,624	(19,675)	9,949
	1,436		Parish & Town Precepts			1,463
	1,436		OTHER OPERATING EXPENDITURE			1,463
	(296)		Interest on investments	14		(334)
	(16)		Surplus on trading undertakings			(18)
	665		Net interest on the net defined benefit liability	37		609
	(6)		Revaluation of Available for Sale Financial Asset			266
	(146)		Rental Income from Investment Assets	12		(148)
	(661)		Revaluation Gain on Investment Assets	12		(97)
			FINANCING AND INVESTMENT INCOME & EXPENDITURE			
	(460)					278
	(6,104)		Council Tax Income			(6,512)
	(883)		Government Grants (not attributable to specific services)			(1,169)
	(2,753)		Non-Domestic Rates			(3,439)
	(9,740)		TAXATION AND NON SPECIFIC GRANT INCOME			(11,120)
	1,749		DEFICIT ON THE PROVISION OF SERVICES			569
	(3,448)		Re-measurement of net defined liability for the pension fund	37		(2,330)
	(490)		Surplus or deficit on revaluation of Property, Plant and Equipment assets	10		(64)
	(3,938)		OTHER COMPREHENSIVE INCOME AND EXPENDITURE SURPLUS			(2,394)
	(2,189)		TOTAL COMPREHENSIVE INCOME AND EXPENDITURE SURPLUS			(1,825)

MOVEMENT IN RESERVES STATEMENT

APPENDIX 1

APPENDIX 1								
	Notes	Revenue Reserves	Capital Reserves					
		General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£000	£000	£000	£000	£000	£000	£000
Comparative Year								
Balance at 01 April 2018 Brought Forward		(3,227)	(3,491)	(3,545)	(131)	(10,394)	(9,295)	(19,689)
Movements in reserves during 2018/19								
Total Comprehensive Income & Expenditure		1,749	-	-	-	1,749	(3,929)	(2,180)
Adjustments between accounting basis & funding basis under regulations		(2,359)	-	453	66	(1,840)	1,840	-
Transfers to / (from) earmarked reserves		(932)	932	-	-	-	-	-
(Increase)/Decrease in the year in 2018/19		(1,542)	932	453	66	(91)	(2,089)	(2,180)
Balance at 31 March 2019 Carried Forward		(4,769)	(2,559)	(3,092)	(65)	(10,485)	(11,384)	(21,869)
Current Year								
Balance at 01 April 2019 Brought Forward		(4,769)	(2,559)	(3,092)	(65)	(10,485)	(11,384)	(21,869)
Movements in reserves during 2019/20								
Total Comprehensive Income & Expenditure		569	-	-	-	569	(2,330)	(1,761)
Adjustments between accounting basis & funding basis under regulations		(2,784)	-	804	6	(1,975)	48	(1,927)
Transfers to / (from) earmarked reserves		1,503	(1,503)	-	-	-	-	-
(Increase)/Decrease in the year in 2019/20		(712)	(1,503)	804	6	(1,405)	(2,282)	(3,687)
Balance at 31 March 2020 Carried Forward		(5,481)	(4,062)	(2,288)	(59)	(11,891)	(13,666)	(25,557)

**Notes to the Movement In Reserves Statement
2018/2019**

	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Amortisation of intangible fixed assets	(36)	-	-	(36)
Depreciation of fixed assets	(739)	-	-	(739)
Loss on Revaluation	-	-	-	-
Revaluation gain on Non Current assets	338	-	-	338
Reversal of Capital Grants & Contributions Credited straight to services	502	-	-	502
Revenue Expenditure Funded From Capital Under Statute	(437)	-	-	(437)
Revaluation of Investment Assets	661	-	-	661
Net gain/loss on sale of fixed assets	3	(15)	-	(12)
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for financing	226	-	-	226
Investment Assets fair value gain				
Capital Expenditure charged in year to the General Fund	-	-	-	-
Adjustments relating to the Capital Grants Unapplied Account				
New Capital Grants Received Reversed to CAA or Capital Grants Unapplied	-	-	-	-
Utilisation of Capital Grants Unapplied				
Adjustments Relating to Capital Receipts	-	-	-	-
Capital receipts applied	-	468	66	533
Deferred Capital Receipts Received				
Adjustments relating to the Pensions Reserve	-	-	-	-
Net charges made for retirement benefits in accordance with IAS19	(3,453)	-	-	(3,453)
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	932	-	-	932
Adjustments relating to the Collection Fund Adjustment Account				
Transfers to (from) Collection Fund Adjustment Account	(390)	-	-	(390)
Adjustments relating to the Available for Sale Reserve				
Transfers to (from) Available for Sale Reserve	6	-	-	6
Adjustments relating to the Accumulated Absences Account				
Employee Benefits Accrued (prior year adjustment)	79	-	-	79
Employee Benefits Accrued (current year adjustment)	(51)	-	-	(51)
Total adjustments between accounting basis & funding basis under regulations	(2,359)	453	66	(1,840)

**Notes to the Movement In Reserves Statement
2019/2020**

Usable Reserves

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Amortisation of intangible fixed assets	-	-	-	-
Depreciation of fixed assets	(694)	-	-	(694)
Loss on Revaluation	-	-	-	-
Revaluation gain on Non Current assets	(60)	-	-	(60)
Reversal of Capital Grants & Contributions Credited straight to services	331	-	-	331
Revenue Expenditure Funded From Capital Under Statute	(320)	-	-	(320)
Revaluation of Investment Assets	97	-	-	97
Net gain/loss on sale of fixed assets	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for financing	226	-	-	226
Investment Assets fair value gain				
Capital Expenditure charged in year to the General Fund	-	-	-	-
Adjustments relating to the Capital Grants Unapplied Account				
New Capital Grants Received Reversed to CAA or Capital Grants Unapplied	-	-	-	-
Utilisation of Capital Grants Unapplied				
Adjustments Relating to Capital Receipts	-	-	-	-
Capital receipts applied	-	804	6	810
Deferred Capital Receipts Received				
Adjustments relating to the Pensions Reserve	(2,148)	-	-	(2,148)
Net charges made for retirement benefits in accordance with IAS19	-	-	-	-
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	-	-	-	-
Adjustments relating to the Collection Fund Adjustment Account				
Transfers to (from) Collection Fund Adjustment Account	69	-	-	69
Adjustments relating to the Available for Sale Reserve				
Transfers to (from) Available for Sale Reserve	(266)	-	-	(266)
Adjustments relating to the Accumulated Absences Account				
Employee Benefits Accrued (prior year adjustment)	(18)	-	-	(18)
Employee Benefits Accrued (current year adjustment)	-	-	-	-
Total adjustments between accounting basis & funding basis under regulations	(2,784)	804	6	(1,975)

BALANCE SHEET

31-Mar-19 £000		Note	31-Mar-20 £000	APPENDIX 1
	NON CURRENT ASSETS			
29,364	Property Plant & Equipment	10	30,695	
2,028	Land & Buildings		1,894	
2,869	Vehicles Plant & Equipment		2,783	
624	Infrastructure		624	
16	Community Assets		16	
95	Assets Under Construction		95	
2,659	Heritage Assets	11	2,756	
369	Investment Property	12	727	
4,940	Intangible Assets	13	4,671	
277	Long Term Investments	14	286	
	Long Term Debtors	18		
43,241	TOTAL LONG TERM ASSETS		44,547	
	CURRENT ASSETS			
15	Inventories	15	8	
2,207	Short Term Debtors	16	2,398	
7,877	Cash and Cash Equivalents	19	12,116	
2,000	Available for Sale Investments	14	2,008	
12,099			16,530	
(5,022)	LESS CURRENT LIABILITIES		(7,519)	
(1,082)	Short term creditors	20	(1,423)	
(6,104)	Provisions	21	(8,942)	
5,995	NET CURRENT ASSETS		7,588	
(905)	Long Term Creditors	35	(679)	
(25,535)	Liability related to Pension Scheme	37	(24,874)	
(100)	Provisions insurance	21	(100)	
(826)	Capital Grants Receipts in Advance		(925)	
(27,366)	TOTAL LONG TERM LIABILITIES		(26,578)	
21,870	TOTAL NET ASSETS		25,557	
	FINANCED BY			
(3,092)	Usable Reserves		(2,289)	
(65)	- Usable Capital Receipts Reserve		(59)	
(7,327)	- Capital Grants Unapplied Account		(9,543)	
(10,485)	- Revenue Reserves	9	(11,891)	
	- Total Usable Reserves			
(14,066)	Unusable Reserves	23	(15,489)	
(23,177)	- Revaluation Reserve		(23,591)	
25,535	- Capital Adjustment Account		24,874	
167	- Pensions Reserve		98	
106	- Collection Fund Adjustment Account		373	
51	- Available for Sale Reserve		69	
(11,384)	- Accumulated Absences Account		(13,666)	
(21,870)	- Total Unusable Reserves		(25,557)	
	TOTAL NET WORTH			

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

Signed  Christopher Leslie
S.151 Officer
Date: 26 November 2020

CASH FLOW STATEMENT

APPENDIX 1

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash flows have been made from resources which are intended to contribute to the Council's future service delivery. Financing activities summarises cash flows from where we have offered or received loans or finance leases during the year.

2018/19 £000	Note	2019/20 £000
1,749 Net deficit on the provision of services		569
(191) Adjustments to net surplus or deficit on the provision of services for non-cash movements		754
<u>(427) Adjustments for items that are financing or investing activities</u>		<u>(236)</u>
1,131 Net cash outflows / (inflows) from operating activities	(Note 24)	1,087
1,443 Investing activities	(Note 25)	220
<u>(1,520) Financing activities</u>	(Note 26)	<u>2,932</u>
1,054 Net decrease or (increase) in cash and cash equivalents		4,239
<u>6,823 Cash and cash equivalents at the beginning of the year</u>		<u>7,877</u>
<u><u>7,877 Cash and cash equivalents at the end of the year</u></u>	(Note 19)	<u><u>12,116</u></u>

COLLECTION FUND

2018/19		
Business Rates £000	Council Tax £000	TOTAL £000
-	(42,626)	(42,626)
(14,230)	-	(14,230)
(14,230)	(42,626)	(56,856)
6,635	-	6,635
1,194	29,558	30,752
-	4,089	4,089
133	1,703	1,836
5,308	6,104	11,412
89	-	89
16	754	770
-	102	102
2	45	47
71	159	230
13,448	42,514	55,962
81	133	214
1,125	-	1,125
91	-	91
456	-	456
1,753	133	1,886
971	21	992
84	(1,723)	(1,639)
1,055	(1,702)	(647)

Income

Council Tax Receivable (CT)	
Business Rates Receivable (NDR)	

Expenditure

Precepts Demands and Shares:	
Central Government	
Essex County Council	
PFCC for Essex Policing and Community Safety*	
Essex PFCC Fire & Rescue Council*	
Maldon DC & Parishes	
Redistributed Collection Fund previous year surplus	
Central Government	
Essex County Council	
PFCC for Essex Policing and Community Safety*	
Essex PFCC Fire & Rescue Council*	
Maldon DC & Parishes	
Charges to Collection Fund:	
Increase /Decrease (-) in Bad Debt Provision	
Increase/Decrease (-) in Provision for Appeals	
Costs of Collection	
Disregarded Amounts	

2019/20		
Business Rates £000	Council Tax £000	TOTAL £000
-	(45,387)	(45,387)
(15,070)	-	(15,070)
(15,070)	(45,387)	(60,457)
6,519	-	6,519
1,173	31,172	32,345
	4,735	4,735
130	1,778	1,908
5,216	6,306	11,522
177	-	177
32	717	749
	99	99
4	41	45
142	148	290
13,393	44,996	58,389
100	2	102
906	-	906
90	-	90
518	-	518
1,614	2	1,616
(63)	(389)	(452)
1,055	(1,702)	(647)
992	(2,091)	(1,099)

(-) Surplus/Deficit arising during the year
 (-) Surplus/Deficit b/fwd as at 1 April
 (-) Surplus/Deficit c/fwd 31 March

* PFCC is the abbreviation for Police, Fire and Rescue Council and Crime Commissioner

Notes to the Collection Fund

1. COUNCIL TAX INCOME

The average Band D Council Tax for the year was £1,733 excluding parish element (£1,713 in 2018-19).

2. COUNCIL TAX BASE

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	Chargeable Dwellings	Estimated Properties after discounts exemptions etc.	Ratio to Band D	B and D Equivalent Dwellings
A *	-	2.4	5/9	1.3
A	2,370	1,409.2	6/9	939.5
B	3,679	2,688.2	7/9	2,090.8
C	7,919	6,423.1	8/9	5,709.4
D	5,204	4,637.5	9/9	4,637.5
E	4,378	4,057.1	11/9	4,958.7
F	2,773	2,638.8	13/9	3,811.6
G	1,502	1,435.1	15/9	2,391.8
H	174	161.4	18/9	322.8
	<u>27,999</u>	<u>23,452.8</u>		<u>24,863.4</u>
Less adjustment for collection rate				<u>(327.3)</u>
Council Tax Base				24,536.1

* Band A properties entitled to a disabled relief reduction

3. NON DOMESTIC RATES

Rates are charged on each of the district's 2,449 commercial properties (2018/19 2,449)

Rateable value at 31 March 2020	19/20	18/19
Multiplier: Business Rate Relief	50.4	50.4
Small Business Rate Relief	49.1	49.1

The multiplier is set by Central Government.

A business rates retention scheme was introduced in April 2013.

The Local Council retains 100% of NDR income for their Renewable Energy sites then, after allowances and expenditure retains 40%, with 50% being paid to Central Government, 9% to Essex County Council and 1% to Essex County Fire & Rescue Service.

4. COLLECTION FUND BALANCES

	31-Mar-19 £000	Movement £000	31-Mar-20 £000
(Surplus) / Deficit (CT)	(1,702)	(389)	(2,091)
(Surplus) / Deficit (NDR)	1,055	(63)	992
		NDR	CT
Attributable to:			
Central Government		496	
Maldon District Council		397	(300)
Essex County Council		89	(1,482)
PFCC for Essex Policing and Community Safety		-	(225)
Essex PFCC Fire & Rescue Council		10	(84)
		<u>992</u>	<u>(2,091)</u>

NOTES TO THE CORE ACCOUNTING STATEMENTS

1. ACCOUNTING POLICIES

1) General Principles and Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts, prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Council Accounting in the United Kingdom (the Code) and International Financial Reporting Standards (IFRS).

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

2) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies are recorded as expenditure when they are consumed, when there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instruments rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- In the case of periodic receipts and payments, where it does not materially affect the accounts and a full year's income and expenditure is recorded, an accrual does not need to be raised

The Code of Practice on Local Council accounting has been revised to take into account International Financial Reporting Standards (IFRS), IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with Customers coming into effect.

IFRS 9 includes a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed, and a "forward looking" "expected loss" model for impairment rather than the previous "incurred loss" model.

IFRS 15 introduced a five-step process for recognising revenue based on the transfer of control rather than the previous risk and reward basis.

Both of these changes have been considered as part of the preparation of the Council's accounts for 2019/20

Where the Council is due to receive income from contractual arrangements with its customers, it is required to consider the following 5 steps before disclosing income:

1. Identify the contract with a service recipient.
2. Identify all the individual performance obligations within the contract.
3. Determine the transaction price.
4. Allocate the price to the performance obligations.
5. Recognise revenue as the performance obligations are fulfilled.

If these are deemed to be applicable to any existing arrangements, income will not be recognised in the financial statements until the relevant performance obligations have been met.

3) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in specified period, no more than three months or less 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 net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management

1. ACCOUNTING POLICIES cont.**4) Charges to Revenue for Non-Current Assets**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or

5) Council Tax and Non-domestic Rates

Maldon District Council is a billing Council and acts as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR), which includes Essex County Council, Essex Fire Council, Council Tax for Essex Police and Crime and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the councils share of accrued income for the year. However, regulations determine the amount the council tax and NDR that must be included in the councils General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1. ACCOUNTING POLICIES cont.**6) 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, paid sick leave and non-monetary benefits for current employees. They are recognised as an expense for services in the year in which employees render their services to the Council.

An accrual is made for the cost of holiday entitlements, flexi time and time off in lieu earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is an estimation based on the historical cost of outstanding leave after giving consideration to the risk of any material misstatement. The accrual is charged to Surplus/Deficit on the Provision of Services in the financial year in which the absences are accrued and it is then reversed out through the Movement in Reserves Statement so there is no impact on Council Tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the accounting basis 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 unpaid at the year end.

1. ACCOUNTING POLICIES cont.**6) Employee Benefits cont'd**
Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Essex County Council. The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Essex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates etc. and earnings for current employees).
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bonds).
- The assets of Essex pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities: current bid price
 - unquoted securities: professional estimate
 - unitised securities: current bid price
 - property: market value.
- The change in the net pensions liability is analysed into the following components:
Service cost comprising:
 - Current service cost: the increase in liabilities as a result of the year of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the Council employees worked.
 - Past service costs: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These are debited to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Resources Directorate.
 - Net interest on the net defined benefit liability (asset): the change during the period in the net defined benefit liability that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period; taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements comprising:

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

Contributions paid to the Essex Pension Fund: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense for the Council, in the CIES, but charged to the General Fund through the MiRS.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standard. This means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension fund. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1. ACCOUNTING POLICIES cont.**6. Employee Benefits cont'd****Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7) Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period (on 31 March 2020) and the date when the Statement of Accounts are authorised for issue.

Two types of post Balance Sheet events can be identified:

- Adjusting events are those that provide evidence of conditions that existed at the Balance Sheet date. Where material, the Statement of Accounts is adjusted to reflect the impact of such events.
- Non-adjusting events are those that are indicative of conditions that arose after the Balance Sheet date. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, additional disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date the Statement of Accounts is authorised for issue are not reflected in the Statement of Accounts.

8) Financial Instruments**Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

However, the bonds issued by the Council in 2020 are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock. Where premiums and discounts have been charged to the CIES, regulations allow the impact on the general fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the general fund balance is managed by a transfer to or from the financial instruments adjustment account in the

The Council does not have any borrowing. Trade payables (creditors) are disclosed at fair value.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) - not applicable to the Council for 2019/20.

The Council's business model is to hold investments to collect contractual cash flows.

Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivables are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has one loan made to a charitable trust. This loan of £50k was made to support the charitable trust at Stow Maries Great War Aerodrome the site has significant natural heritage value and is in Natural England's Higher Level Environmental Stewardship scheme. Further details are provided at note 33.

Financial assets measured at fair value through other comprehensive income
Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or Deficit on the Provision of Services.

Fair value of financial assets

Available for sale assets are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where fixed and determinable payments exist, annual credits made to the financing and investment income within the CIES for interest receivable are based on amortised cost of the asset multiplied by the effective interest rate. The fair value of available for sale assets is based on market price. As the Council only used stable net asset value funds fair value is the same as nominal value. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
 - other instruments with fixed and determinable payments - discounted cash flow analysis.
- The inputs to the measurement techniques are categorised in accordance with the following three levels:
- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
 - Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
 - Level 3 inputs - unobservable inputs for the asset.

Fair Value (FV) Measurement

The Council measures some of its non-financial assets, e.g. surplus assets and investment properties and certain financial instruments at FV at each reporting date. See the Glossary for the definition of FV. This Council had only 3 investment properties for 2019/20. The Council is required to measure the FV of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the FV of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

9) Government Grants and Other Contributions

Whether paid on account by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

Community infrastructure levy

The Council has elected to charge a community infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the comprehensive income and expenditure statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this Council may be used to fund revenue expenditure.

10) Heritage assets

Tangible and intangible heritage assets (described in this summary of significant accounting policies as heritage assets) The Council's heritage assets are held in the Council's museum, are held in support of the primary objective of the Council's museum, i.e. increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below and further detail is provided in note 11.

Heritage assets – general

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment in this summary of significant accounting policies. The trustees of the Council's museum will occasionally dispose of heritage assets that have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts in this summary of significant accounting policies.

1. ACCOUNTING POLICIES cont.**11) Intangible Assets**

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible assets are held by the Council which meet this criteria, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Intangible assets are depreciated using the straight line method over 3 – 7 years.

12) Inventories and long-term contracts

Inventories are included in the balance sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula. Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

13) Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. As a minimum investment properties, regardless of leases, will be revalued every 5 years along with other classes of assets. 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. Directly attributable operating expenses related to investment properties are debited to the Financing and Investment Income line. Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (for the sale proceeds).

14) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

1. ACCOUNTING POLICIES CONT.**14) Leases cont'd****The Council as lessee****Finance Leases - Lessee**

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at the lower of its fair value measured at the lease inception and the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Finance lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge which is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life and where ownership of the asset does not transfer to the Council at the end of the lease period.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the general fund balance, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the comprehensive income and expenditure statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as lessor**Finance Leases**

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The written-off value is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement, so as to mitigate any impact on Council Tax.

A gain on disposal, representing the Council's net investment in the lease, is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, matched by a long-term debtor asset in the Balance Sheet. The gain is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

1. ACCOUNTING POLICIES cont.**14) Leases cont'd**

Finance lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property which is applied to write down the lease debtor including any premiums received, and
- finance income which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the general fund balance in the movement in reserves statement.

The Council does not currently have any finance leases where they act as the lessor.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the other operating expenditure line in the comprehensive income and expenditure statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

15) Overheads and support services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

16) Property Plant and Equipment (PPE)

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

Recognition

Expenditure on the acquisition, creation and enhancement of fixed assets is capitalised in accordance with the accruals concept. The Council's de minimis level for capital expenditure is £10,000. Expenditure on PPE is capitalised, provided that the fixed asset yields benefit to the Council and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance on PPE, which does not enhance the asset and is charged direct to service revenue accounts when it is incurred.

16) Property Plant and Equipment (PPE) cont'd**Measurement**

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not have any borrowing costs. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Large assets are divided into their component parts only if the components have materially different useful lives compared to the rest of the asset. This allows depreciation charges for assets to more accurately reflect the consumption of economic benefit which takes place at different rates for each component. The Council has considered the componentisation of all significant assets and has started to bring this into effect.

The Council has only been able to componentise assets where the valuation information of each component was supplied to them already, or the components have since been replaced subsequent to the componentisation rules coming into effect.

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

- Plant, Vehicles, Furniture and Equipment assets, Infrastructure assets and Community assets: Depreciated Historic Cost
- Other (operational) land and buildings: Current Value, determined as the amount that would be paid for the asset in its Existing Use (EUV).
- Surplus Assets: Fair Value = highest and best use.
- Components of buildings: Depreciated Historic Cost

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of Current Value. Where non-property assets (Plant, Vehicles, Furniture and Equipment assets) that have short useful lives or low values (or, both) depreciated historical cost basis is used as a proxy for Current Value.

1. ACCOUNTING POLICIES cont.**16) Property Plant and Equipment (PPE) cont'd**

Assets included in the Balance Sheet at current or fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the financial year end, but as a minimum every five years. Between quinquennial external valuations views are sought from External Valuers to ensure that the asset values reported in the Statement of Accounts remain materially accurate. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for as follows:

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

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

Impairment

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

Where impairment losses are identified, they are accounted for as follows:

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

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

Depreciation

Depreciation is provided for on assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Newly acquired assets are not depreciated in the first year and assets in the course of construction are not depreciated until they are brought into use.
- Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

- Buildings (where appropriate)	5 - 60 years
- Infrastructure	5 - 30 years
- Vehicles, Plant & Equipment	3 - 10 years
- Land, including car parks	Not depreciated

Disposals of Plant, Property and Equipment.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance

Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

All amounts for disposal of assets currently recognised on the balance sheet are categorised as capital receipts. Amounts for other asset disposals in excess of £10,000 are also categorised as capital receipts.

17) Provisions, contingent liabilities and contingent assets**Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the comprehensive income and expenditure statement when the Council has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

Contingent Assets

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

18) Reserves

The Council has the power to keep reserves for certain purposes by setting aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure is incurred that is to be financed from a reserve, it is charged to the appropriate service in that year to be included as expenditure in the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no charge against the General Fund for the expenditure incurred.

Separate earmarked reserves are held by the Council.

Certain reserves are kept by the Council to manage the accounting processes for non-current assets (e.g. Revaluation Reserve and Capital Adjustment Account), retirement benefits (e.g. Pensions Reserve) and employee benefits (e.g. Accumulated Absences Account) and do not represent usable resources for the Council.

19) Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the comprehensive income and expenditure statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the movement in reserves statement from the general fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

20) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

21) Fair value measurement of non-financial assets

The Council measures some of its non-financial assets, e.g. surplus assets and investment properties and certain financial instruments at FV at each reporting date. See the Glossary for the definition of FV. This Council had only 3 investment properties for 2019/20. The Council is required to measure the FV of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the FV of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

22) Provisions for Appeals against the rateable value of Business Properties

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors, central government and themselves and are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2012-2013 and earlier financial years.

The Council has established a provision in the accounts for an appeal if it meets the following criteria:

- the Council has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate at the Balance Sheet Date of the expenditure required to settle the present obligation taking risks and uncertainties into account.

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

Under The Code of Practice on Local Council Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. The new standards that would require additional disclosures in the 2019/20 financial statements are as follows:

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

It is not anticipated that these changes will be relevant to the Council

IFRS 16 Leases - This standard has been issued. Application was originally required for accounting periods beginning on or after 1 January 2020, but not yet adopted by the code: early adoption is not permitted. The Council is continuing to assess the potential impact on application of the standard. However, at its meeting on Friday 27 March 2020 CIPFA/LASAAC agreed to defer the implementation of IFRS 16 Leases to the 2021/22 financial year, with an effective date of 1 April 2021. This decision aligns with the proposals across the public sector, and has been agreed by the government's Financial Reporting Advisory Board. The deferral of implementation of IFRS 16 to the 2021/22 Code has meant that the 2020/21 Code has not yet completed its full due process. Annually, Appendix C of the Code confirms the requirements of accounting standards that have been issued and not yet adopted and the 2020/21 Code will confirm these for the 2019/20 financial year. Appendix C of the 2020/21 Code only includes standards adopted in the Code and therefore for 2019/20 local authorities are not required to include IFRS 16 in their consideration of accounting standards that have been issued but not yet adopted,

The implications are not yet known and are therefore not quantifiable.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

The only critical judgement made in the Statement of Accounts is in relation to the high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Government has not pre-announced any future financial settlement for 21/22 and beyond, nor given any indication of future resource levels for local government via a Spending Review. This coupled with an overhaul of the business rate retention scheme for funding and a review of funding allocations via the fair funding and the resources and needs review means the levels of support from Government, in terms of funding, are very uncertain. The Council is in a good position to address this uncertainty via its sound financial management and planning, alongside prudent levels of reserves needed in times of uncertainty. The Council will be monitoring all announcements by Government with respect to its proposals and ensuring that the Council reply to all consultations to ensure the interests of the Council and our residents are strongly represented.

There is continued uncertainty over impact on the Council that the departure of the UK from the European Union on 31 January 2020 will have, but the Council will be monitoring all developments during the year to ensure any potential financial impacts on the Council are anticipated.

There is further uncertainty over the COVID-19 response, the government announced two grant schemes to support businesses to be administered by local authorities:

- a. the Small Business Grant Fund, which awards businesses with properties, in receipt of small business rates relief or rural rate relief a grant of £10,000
- b. Retail, Hospitality and Leisure Grant Fund, this fund awards a grant to businesses with a property being used for a qualifying purpose a grant of £10,000 where the rateable value is up to and including £15,000 or £25,000 where the rateable value is over £15,000 and less than £51,000.

The eligibility criteria for these two schemes are set out in government guidance and local authorities which are billing authorities are required to use their business rates information system to identify the properties that meet the eligibility criteria. They are also responsible for paying over the grants to the businesses. Local authorities are reimbursed by government for the grant payments made using a grant under Section 31 of the Local Government Act 2003 (S31). There will be a continuous reconciliation exercise to make sure authorities are fully funded to the amount of grants they administer.

There will be numerous issues that will impact on the Council as a result of the COVID-19 pandemic. The Council began to see the most substantial impacts of COVID-19 in late March 2020 and therefore before the end of the reporting period. It is likely that there will be more non-adjusting rather than adjusting events. The Council will need to make significant judgements about these decisions and the nature of the COVID-19 pandemic will mean that they will need to continually review and update these assessments up to the date the accounts are authorised for issue.

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

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

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate provides the uncertainty that the Council may not be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. As at the valuation date, the valuers consider that they can attach less weight to previous market evidence for comparison purposes and DRC valuations, to inform opinions of value. Indeed, the current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement. Their valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and a higher degree of caution – should be attached to their valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, they recommend that the Council keep the valuation of these properties under frequent review.	If the useful life of the property, plant and equipment assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £0.052 million if the useful lives of the Council's buildings were reduced by 1 year.
Pensions Liability	Estimation of the 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 consulting actuaries, Barnett Waddingham, is engaged to provide expert advice regarding the assumptions applied in calculating the Council's net pension liability. There is continued uncertainty around the pensions net asset following the unknown future impact that COVID-19 might have.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.1% increase in the discount rate assumption at 31 March 2020 would result in an increase in the Gross pension obligation, increasing this to £71.408 million. - a 1 year addition to the life expectancy assumption at 31 March 2020 would result in an increase in the Gross pension obligation, increasing this to £75.880 million.
Bad Debt Provisions	At 31 March 2020, the Council has included in its accounts a provision for the impairment of doubtful debts of £1.004 million. However, in the current economic climate this allowance may not be sufficient. The projected impact of Covid-19 on Expected Credit Losses has been considered and allowed for within the calculations for Bad Debt Provisions based on published surveys.	If collection rates were to deteriorate, an increase in the impairment for doubtful debts of 10% would require the Council to set aside an additional £0.124 million as an allowance.
NDR Appeals Provision	At 31 March 2020, the Council has included in its accounts a provision for appeals on NNDR rates of £1.390 million. However, appeals vary hugely in size and therefore this may not be sufficient.	If the predicted success rate was to alter by just 1%, an additional £0.014 million would be required.

5. MATERIAL ITEMS OF INCOME OR EXPENSE

No other material items of income or expense have occurred that are not already disclosed on the face of the CIES.

6. EVENTS AFTER THE BALANCE SHEET DATE

Details of the impact and effect of the COVID 19 virus are provided within the Narrative by the Section 151 officer and in note 3 to the financial statements.

There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

7A. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

ADJUSTMENTS FROM GENERAL FUND TO ARRIVE AT THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

2018/19				2019/20			
Restated Adjustments for Capital Purposes restated £000	Net change for the Pensions Adjustments restated £000	Other Differences restated £000	Total Adjustments restated £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments (Included in service cost for members outturn) £000	Other Differences (Included in service cost for members outturn) £000	Total Adjustments £000
2	104	-	106	-	-	-	-
(163)	308	-	145	162	333	-	495
593	502	-	1,095	939	798	-	1,737
474	488	-	962	1	294	-	296
906	1,402	-	2,308	1,102	1,425	-	2,527
(1,392)	1,091	356	55	(654)	740	216	303
(486)	2,493	356	2,363	448	2,165	216	2,830

Adjustments for Capital Purposes

- 1) This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Statutory adjustments

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

For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Other non-statutory adjustments

- 4) Other non-statutory adjustments represent amounts debited/credited to service segments that need to be adjusted against the 'other income and expenditure from the expenditure and funding analysis' line to comply with the presentational requirements in the comprehensive income and expenditure statement:

For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.

For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

7B. SEGMENTAL INCOME

Income received on a segmental basis is analysed below:

The prior year has been restated as there has been a change in directorate structure in the current year.

2018/19 restated £000's	Income	2019/20 £000's
	- Corporate & Democratic Directorate	-
(61)	Resources Directorate	(107)
(21,541)	Service Delivery Directorate	(18,553)
(29)	Strategy, Performance and Governance Directorate	(1,016)
<u>(21,631)</u>	Total income analysed in a segmental basis	<u>(19,676)</u>

7C. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2018/19 restated £000's		2019/20 £000's
	Expenditure	
10,202	Employee benefits expenses	9,862
20,332	Other services expenses	18,432
704	Direct cost recharges	227
239	Depreciation, amortisation and impairment	1,272
660	Interest payments	609
1,436	Precepts and levies	1,463
<u>33,573</u>	Total expenditure	<u>31,866</u>
	Income	
(7,456)	Fees, charges and other service income	(7,631)
(453)	Interest and investment income	(500)
(8,857)	Income from council tax, nondomestic rates, district rate income	(9,951)
(15,057)	Government grants and contributions	(13,213)
<u>(31,823)</u>	Total income	<u>(31,296)</u>
<u>1,749</u>	Deficit on the Provision of Services	<u>569</u>

7D. REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS

IFRS 15 is a standard drafted for the commercial entities, where the recognition of revenue is normally of paramount importance for the financial performance in the financial statements. Therefore the Council shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements and shall consider the concept of materiality set out in paragraph 2.1.2.11 of the Code for the users of local Council financial statements. An Council shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics. 2.7.4.3 of the Code.

The objective of the disclosure requirements is for an Council to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with service recipients.

Paragraph 2.7.4.6 of the Code requires disaggregation of the revenue recognised where this is material and would assist readers. The Council considers the disclosure of 'Fees, charges and other service income' in Note 7C on expenditure and income analysed by nature provides sufficient information for readers regarding the nature of such revenues.

Paragraph 2.7.4.7 of the Code requires an indication of how the figures relate to segment reporting. The Council considers the disclosure of 'segmental income' Note 7A and 7B on expenditure and income analysed by nature provides sufficient information for readers regarding the nature of such revenues.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General fund balance

The general fund is the statutory fund into which all the receipts of an Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the general fund balance, which is not necessarily in accordance with proper accounting practice. The general fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital receipts reserve

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital grants unapplied

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

9A. TRANSFERS (TO)/FROM EARMARKED RESERVES.

The following table details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserve to meet General Fund expenditure in 2019/20

	Balance	Transfers	Transfers	Balance	Transfers	Transfers	Balance
	1-Apr-18	Out	(In)	31-Mar-19	Out	(In)	31-Mar-20
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Transformation	(1,713)	961	-	(752)	-	(200)	(952)
Community grants	(1)	-	-	(1)	-	-	(1)
Community Sports							
Network/Health & Wellbeing	(8)	-	-	(8)	2	(35)	(41)
Heritage projects	(8)	-	-	(8)	-	-	(8)
Insurance liability	(60)	8	-	(52)	-	-	(52)
Repairs & renewals fund	(225)	39	(17)	(203)	-	-	(203)
Revenue commitments	(134)	126	(319)	(327)	327	(602)	(602)
Community Infrastructure levy and LDP review	(235)	9	-	(226)	-	-	(226)
Feasibility Study reserve	-	-	-	-	-	(80)	(80)
New Homes Bonus reserve	-	-	-	-	-	(538)	(538)
Localisation of CT & NDR	-	-	-	-	-	-	-
Business Continuity	(10)	-	-	(10)	-	-	(10)
Sports Development	(13)	7	(6)	(12)	-	-	(12)
Community Safety	(81)	8	(3)	(76)	1	(3)	(78)
Economic Development	(91)	70	(5)	(26)	2	(38)	(62)
Electoral Registration	(20)	-	(10)	(30)	-	-	(30)
Neighbourhood Plan Applications	(29)	-	-	(29)	-	-	(29)
Waste Contract Implementation	(25)	10	-	(15)	-	-	(15)
Custom & Self Build Grant	-	-	-	-	-	-	-
FDO external funding from Plume	(3)	2	-	(1)	-	-	(1)
Brown Field grant	-	-	-	-	-	-	-
Homeless reduction Act Grant	(30)	12	-	(18)	-	(39)	(57)
Business Rates equalisation	(533)	-	-	(533)	-	(300)	(833)
Pensions Reserve	(116)	-	-	(116)	-	-	(116)
Community Housing Fund Grant	(156)	40	-	(116)	-	-	(116)
Total Specific Reserves	(3,491)	1,292	(360)	(2,559)	332	(1,835)	(4,062)
General Fund balance	(3,227)		(1,542)	(4,769)		(712)	(5,481)
Total Revenue Reserves	(6,718)	1,292	(1,902)	(7,328)	332	(2,547)	(9,543)

9B. TRANSFERS (TO)/FROM EARMARKED RESERVES cont.

Separate earmarked reserves are held by the Council.

- Transformation Reserve: To provide funds to meet the one-off investment costs of efficiency savings or service reductions to be realised in future years. Also to enable the upfront costs of potential income generating projects.
- Community Grants : The Council previously had schemes for awarding grants. The time limits on these grants exceed the financial year in which the budget provision was made, necessitating a reserve to cover the outstanding liabilities.
- Community Sports Network: A grant was received from the Government in 2011/12 to support sports networks; this is being utilised year by year as necessary.
- Heritage Projects: The Council gives grants in support of environmental initiatives and historic buildings. The time limits for payment of these grants exceed the financial year in which budget provision is made, necessitating a reserve to be set aside to cover the outstanding liabilities.
- Insurance: The Council maintains external insurance policies to cover major risks. In many cases the policies have excess clauses that require the Council to meet the first part of each claim. The Council has established this reserve to cover its liabilities under policy excesses and finance any claims for small risks not insured externally.
- Repairs & Renewals Fund: To provide funds to support additional revenue / capital costs arising from the need to maintain the Council's asset base.
- Revenue Commitments: This reserve exists to smooth out the timing differences between monies being earmarked to fund expenditure from the annual revenue budget and the expenditure actually occurring.
- Community Infrastructure Levy (CIL) and Local Development Plan (LDP) review: Following the adoption of the Local Development Plan, this reserve will now fund the work to enable implementation of the CIL, and also to meet the regulations to ensure that the LDP is reviewed regularly.
- Land Charges: Government Grant received and has been put aside to support the cost of resolving the legal dispute concerning refunds of local search fees.
- Preventing Repossessions: A grant was received from the Government in 2011/12. This funding has been set aside to support future work to be undertaken as part of the Council's Strategic Homeless strategy.
- Localisation of Council Tax and Business Rates: The new business rate funding and council tax localisation regime provides significant risk to the Council, especially in the first few years whilst funding cuts are experienced. This reserve has been set up to mitigate the impact of these changes.

- Business Continuity: To provide funding for emergency requirements such as salt, sand bags or other business continuity requirements as they arise.
 - Sports Development: Reserve set aside to fund Sports Development activities.
 - Community Safety: Reserve set aside to fund Community Safety activities.
 - Economic Development: Reserve set aside to support economic development activities in the District.
 - Electoral Registration: Reserve set aside to support Electoral works.
 - LSIP Capacity: Reserve set aside to support Large Scale Infrastructure Projects.
 - Neighbourhood Plan Applications: Funding to be utilised in supporting the preparation of neighbourhood plans.
 - Waste Contract Implementation: Contributions towards the procurement and mobilisation of the new waste contract.
 - Custom and Self Build Grant: Reserve to support the resource required to maintain and develop the self build and custom housebuilding register
 - Brownfield Grant: New Burdens funding relating to dealing with development orders for housing development on brownfield land
 - Community Housing Fund Grant: Reserve to support Community-led housing delivery. Objective is to help deliver affordable housing aimed at first time buyers in response to the problem second homes can cause in reducing supply.
 - FDO External Funding from Plume: Specific external funding towards the post of Football Development Officer
 - Homeless reduction Act Grant: Reserve set up to use three years of grant funding for Homelessness Reduction Officer.
- Pensions Reserve: To provide a reserve to enable the Council to forward fund the pension deficit for 3 years in 2021.
- Business Rates Equalisation Reserve: This reserve is to counter the timing differences see in Business Rates funding.

10. PROPERTY, PLANT AND EQUIPMENT

<u>Movements in 2019/20</u>	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Tangible Assets
£000	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2019	29,509	6,361	7,170	624	16	43,680
Additions	-	234	93	-	-	327
Revaluation decreases recognised in the deficit on the provision of services	(64)	-	-	-	-	(64)
Revaluation increases recognised in the revaluation reserve	1,423	-	-	-	-	1,423
Impairments	-	-	-	-	-	-
At 31 March 2020	30,868	6,595	7,263	624	16	45,366
Accumulated Depreciation and impairments						
At 1 April 2019	(144)	(4,332)	(4,302)	-	-	(8,778)
Depreciation for year	(56)	(368)	(179)	-	-	(603)
Depreciation written out to the surplus/deficit on the provision of services	3	-	-	-	-	3
Depreciation written out to the revaluation reserve	25	-	-	-	-	25
At 31 March 2020	(172)	(4,700)	(4,481)	-	-	(9,353)
Net Book Value at 31 March 2020	30,695	1,894	2,783	624	16	36,011
Net Book Value at 31 March 2019	29,365	2,028	2,869	624	16	34,902

10. PROPERTY, PLANT AND EQUIPMENT Cont.

<u>Movements in 2018/19</u>	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Tangible Assets
£000	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	28,681	6,318	7,017	624	16	42,656
Additions	-	59	153	-	-	212
Disposals	-	(16)	-	-	-	(16)
Revaluation increases recognised in the deficit on the provision of services	490	-	-	-	-	490
Revaluation increases recognised in the revaluation reserve	338	-	-	-	-	338
At 31 March 2019	29,509	6,361	7,170	624	16	43,680
Accumulated Depreciation and impairments						
At 1 April 2018	(71)	(3,861)	(4,113)	-	-	(8,045)
Depreciation for year	(73)	(477)	(189)	-	-	(739)
Depreciation on disposals	-	6	-	-	-	6
At 31 March 2019	(144)	(4,332)	(4,302)	-	-	(8,778)
Net Book Value at 31 March 2019	29,365	2,028	2,869	624	16	34,902
Net Book Value at 31 March 2018	28,610	2,457	2,904	624	16	34,613

10. PROPERTY PLANT AND EQUIPMENT Cont.**Depreciation**

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

- other land and buildings – 30 to 50 years
- vehicles, plant, furniture & equipment – 10% to 35% of carrying amount
- infrastructure – 25 years.

Capital commitments

At 31 March 2020 the Council has the following outstanding contracts for the construction or enhancement of Property, Plant and Equipment.

2018/19		2019/20
£000		£000
19	Prom Park Winter Car Parking	-
69	CCTV upgrades	69
11	Riverside Park Information Boards	-
-	Replacement parks machinery	2
-	PC & Printer replacement	35
80	Tip Road Resurfacing	-
9	Community Protection New Vehicle	-
18	E-mail replacement upgrade	18
0	I.T Upgrades	65
24	Heybridge Cemetery Roof	0
43	New Accessible playsite	48
111	Car Park Machines - Prom & Town Centre	-
10	Splash Park Elements	20
444	I.T Future model	110
-	Maldon Cemetery Foundation work	10
838		377

Effects of changes in estimates

In 2019/20, the Council made no material changes to its accounting estimates for property, plant and equipment:

Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All freehold and leasehold properties which comprise the Council's property portfolio were valued as at 31 December 2019 by an external independent valuer - Valuation Office Agency in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors.

A statement of reassurance has been provided by the Valuation Office that there will have been no material change in values between the 31 December 2019 and 31 March 2020 so no further revaluations are required.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- The value of plant and machinery that is integral to a building is included in the valuation of the building.
- Properties regarded by the Council as operational are valued on the basis of open market value for the existing use or, where this could not be assessed because there is no market for the subject asset, the depreciated replacement cost.
- Properties regarded by the Council as non-operational have been valued on the basis Fair Value (open market value).
- Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. These are valued at historic cost.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case, given the unknown future impact that COVID-19 might have on the real estate market.

	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure Assets £000	Community Assets £000	Total Tangible Assets £000
Carried at historical cost	4,496	1,894	2,783	624	9,797
Valued at current value as at:					
31 March 2020	16,894	-	-	-	16,894
31 March 2019	2,615	-	-	-	2,615
31 March 2018	2,246	-	-	-	2,246
31 March 2017	2,123	-	-	-	2,123
31 March 2016	2,321	-	-	-	2,321
Total cost or valuation	30,695	1,894	2,783	624	35,996

Non-operational property, plant and equipment (surplus assets)

The Council does not have material surplus assets.

11. HERITAGE ASSETS**Reconciliation of the carrying value of heritage assets held by the Council**

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. The Council does not own any historic buildings, however, it does hold a range of non property assets including museum artefacts and statues.

The following table shows the carrying values of heritage assets held by the Council at the beginning and end of the reporting period and summarises the movement in the values over the year:

2018/19		2019/20
£000		£000
95	Valuation at 1st April	95
95	Balance at 31 March	95

12. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2018/19		2019/20
£000		£000
150	Rental Income	148
(4)	Direct Operating Expenses	-
146	Net Gain	148

The Council's ability to realise the values inherent in investment property are restricted by tenants security under the Landlords and Tenant Act 1954 and long lease terms with commercial tenants. The Council also has obligations to maintain the fabric of the buildings along with road ways and drainage on two investment properties.

All investment properties are subject to operating leases and rental income is received as above.

The value of a leased investment is determined based on the Fair Value which is reviewed each year.

The following table summarises the fair value of investment properties over the year:

2018/19		2019/20
£000		£000
1,997	Balance at the start of the year	2,659
1	Capital Expenditure	-
661	Gain from fair value adjustments	97
2,659	Balance at the end of the year	2,756

Fair value measurement

The fair value for the commercial properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of the Councils investment properties, the highest and best use of the properties is their current use.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement.

Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case, given the unknown future impact that COVID-19 might have on the real estate market. Fair values are measured annually at each reporting date. The valuations were carried out by a Senior Surveyor being an RICS Registered Valuer employed by DVS East, Property Specialists for the Public Sector, a commercial arm of the Valuation Office Agency

Fair value hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows:

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2) £000s	Fair value as at 31 March 2020 £000s
Commercial units	2,755	2,755
Total	2,755	2,755

2019 comparative figures

<i>Recurring fair value measurements using:</i>	Other significant observable inputs (Level 2) £000s	Fair value as at 31 March 2019 £000s
Commercial units	2,693	2,693
Total	2,693	2,693

Transfers between levels of the fair value hierarchy

There were no transfers between Levels during the year

Valuation techniques used to determine Level 2 and fair values for investment properties**Significant observable inputs – Level 2**

The fair value for the commercial units located in the local Council area (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Council area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and best use of investment properties

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

Valuation techniques

There has been no change in the valuation techniques used during the year for investment properties.

Reconciliation of fair value measurements

There has been no transfer between levels of the fair value hierarchy during the year

Gains or losses

Gains or losses arising from changes in the fair value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment income and expenditure line

Valuation process for investment properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by an external independent valuer - Valuation Office Agency, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

13. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include purchased licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

	Other assets
3 years	Procurement and Survey
5 years	Contact Centre and Windows 10
10 years	HR System

The carrying amount of intangible assets is amortised on a straight-line basis 3 to 10 years. The amortisation of £90,701 charged to revenue in 2019/20 was charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

2018/19		2019/20
Other assets		Other assets
£000s		£000s
Balance at start of year:		
1,201 Gross carrying amounts		1,486
(1,081) Accumulated amortisation		(1,117)
<u>120</u> Net carrying amount at start of year		<u>369</u>
Additions		
284 Purchases		449
(36) Amortisation for the period		(91)
<u>369</u> Net carrying amount at end of year		<u>727</u>
Comprising:		
1,485 Gross carrying amounts		1,935
(1,117) Accumulated amortisation		(1,208)
<u>368</u>		<u>727</u>

There are no items of capitalised software that are individually material to the financial statements:

14. FINANCIAL INSTRUMENTS

Where an instrument will mature within the next 12 months the carrying amount is assumed to be approximate to fair value;

For all other financial assets and liabilities the carrying amount is considered to be an appropriate measure of fair value.

Classifications

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

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Councils non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- trade payables for goods and services received
- finance leases

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or equity and other instruments or a contractual right to receive cash or another financial asset or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are held under the following classifications.

Amortised cost where cash flows are solely payments of principal and interest and the Councils strategy is to collect those cash flows comprising:

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with NatWest bank
- fixed term deposits with banks
- loans to divested organisations
- trade receivables for goods and services delivered

Fair value through profit and loss (all other financial assets) comprising

- money market funds managed by fund managers
- certificates of deposit and covered bonds issued by banks and building societies
- pooled property funds managed by CCLA fund managers

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council

(a) Categories of Financial Instruments

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

Financial Assets**Investments , Cash and Cash Equivalents**

Financial Assets at Amortised Cost

Available for sale Financial Assets at Amortised Cost

Total Investments**Debtors**

Financial Assets at Amortised Cost

Loans and Receivables at Amortised Cost

Total Debtors**Financial Liabilities****Creditors**

Financial Liabilities at Amortised Cost

Total Creditors

Non-Current		Current	
31 March	31 March	31 March	31 March
2020	2019	2020	2019
£000	£000	£000	£000
4,671	4,940	12,116	7,877
-	-	2,008	2,000
4,671	4,940	14,124	9,877
-	-	774	357
286	277	-	-
286	277	774	357
679	905	2,570	2,428
679	905	2,570	2,428

14. FINANCIAL INSTRUMENTS cont.**Offsetting Financial Assets and Liabilities**

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

(b) Financial Instruments - Gains & Losses

The income & expenditure recognised in the surplus or deficit on the provision of services in relation to financial instruments consists of the following items:

2018/19		2019/20
Financial Assets Measured at Amortised Cost		Financial Assets Measured at Amortised Cost
£000		£000
296	Interest revenue	334
<u>296</u>	Total interest revenue	<u>334</u>

The fair values of financial assets and financial liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value disclosed elsewhere in the Statement of Accounts, all other financial liabilities and financial assets held by the Council are carried in the balance sheet at amortised cost. The fair values calculated are as follows.

The fair value of the financial assets is lower than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the balance sheet date.

This shows a notional future loss (based on economic conditions at 31 March 2020) attributable to the commitment to receive interest below current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

	2018/19		2019/20
	Carrying Amount	Fair Value	Carrying Amount
	£000	£000	£000
Financial liabilities held at amortised cost			
Long term creditors - embedded leases	905	905	679
Short term creditors	2,428	2,428	2,918
Total	3,333	3,333	3,597

	2018/19		2019/20
	Carrying Amount	Fair Value	Carrying Amount
	£000	£000	£000
Financial assets held at amortised cost			
Long-term investments	4,939	4,910	4,671
Long-term debtors	277	277	286
Short-term debtors	357	357	739
Cash and cash equivalents	9,877	9,877	14,124
Total	5,573	5,544	5,696

(C) Financial Instruments - Fair Values and Carry Amounts

2018/19					2019/20	
Carry Amount	Fair Value	Financial Assets	Input Level in fair value hierarchy	Valuation technique used to measure fair value	Carry Amount	Fair Value
£000	£000				£000	£000
4,967	4,940	Long Term Investments	Level 1	Quoted prices in active markets for identical assets	4,627	4,621
2,000	2,000	Available for Sale	Level 1	Quoted prices in active markets for identical assets	2,008	1,982
6,205	6,205	Short Term Investments	Level 1	Quoted prices in active markets for identical assets	11,012	10,906
13,172	13,145	Total Financial Assets			17,647	17,509

(C) Financial Instruments - Fair Values and Carry Amounts Continued

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2020, using the following methods and assumptions:

- The fair value of long term loans and investments would have been discounted at the market rates for similar instruments with similar remaining terms to maturity.
- No early repayment or impairment is recognised for any financial instrument.
- Where an instrument will mature in the next 12 months, the carry amount is assumed to be fair value.
- Finance lease liabilities are measured at their present value discounted using the interest rate implicit within the lease agreement.
- The fair value of short term instruments , including trade payables and receivables is assumed to approximate to the carrying value (the invoiced or billed amount)

(d) Nature and Extent of Risks arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Government's Investment Guidance to local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

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

- Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.
- Liquidity Risk: The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.
- Market Risk: The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

The Council's overall risk management procedures focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on resources available to fund services. Risk Management is carried out by the exchequer team under the direction of the Director of Resources

14. FINANCIAL INSTRUMENTS cont.**Credit Risk : Investments**

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long term credit rating of A-, UK government, other Local authorities and organisations without credit ratings upon which the Council has received independent investment advice

The table below summarises the nominal value of the Council's investment portfolio at the end of each financial year:

Credit Rating*	Short Term Balance as at 31-Mar-19 £000	Long Term Balance as at 31-Mar-19 £000	Investments	Short Term Balance as at 31-Mar-20 £000	Long Term Balance Invested as at 31-Mar-20 £000	Credit Rating*
Unrated	-	2,987	Local Authorities Property Fund	-	2,850	Unrated
Unrated	-	1,951	Ninety One Diversified Inc Fund	-	1,770	Unrated
Unrated	-	-	Blackpool Borough Council	1,980	-	Unrated
Unrated	-	-	Conway County Borough Council	1,980	-	Unrated
AA	1,200	-	Deutsche Money Market Fund	-	-	AA-
A+	3,005	-	Federated Money Market Fund	4,954	-	A+
			Banks			
A	2,000	-	Barclays	1,991	-	A
	6,205	4,938	Total Banks	10,905	4,620	
Credit Rating*	Short Term Balance as at 31-Mar-19 £000	Long Term Balance as at 31-Mar-19 £000	Available for Sale	Short Term Balance as at 31-Mar-20 £000	Long Term Balance Invested as at 31-Mar-20 £000	Credit Rating*
			Certificates of Deposit			
A+	-	-	Standard Chartered	1,982	-	A+
	2,000	-	Nordea	-	-	AA-
	2,000	-	Total Banks	1,982	-	

For Deposits held as cash and cash equivalents please refer to note 15.

A limit of £2m is placed on the amount of money that can be invested with a single counterparty (other than the UK government or Money Market Funds) The Council also sets limits on investments in certain sectors. No more than £5m in total can be invested for a period longer than one year.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £7m 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 Councils deposits, but there was no evidence at the 31 March 2020 that this was likely to crystallise.

The table below summarises the credit risk exposure of the Council's investment portfolio by credit rating.

Credit Rating	Short Term 31-Mar-19 £000	Long Term 31-Mar-19 £000	Short Term 31-Mar-20 £000	Long Term 31-Mar-20 £000
AA-	3,200	-	-	-
A+	3,005	-	6,936	-
A	2,000	-	1,991	-
Unrated Funds	-	4,938	3,960	4,620
Total Investments	8,205	4,938	12,887	4,620

* This reflects the lowest Credit Rating (or equivalent rating) from those provided by Fitch, Moody and S&P.

14. FINANCIAL INSTRUMENTS cont.**Credit Risk : Investments (cont.)**

The Council has no historical experience of counterparty default.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council generally allows 14 days credit for its debtors; £730,008 (2018/19: £290,851) is past its due date for payment at the 31st March 2020. The past due amount can be analysed as follows:

31-Mar-19		31-Mar-20
£000		£000
232	Less than three months	622
26	Three to twelve months	60
33	More than a year	48
291	Total	730

Liquidity

Liquidity risk is managed by cash flow forecasting of the current financial year, combined with limits on fixed investments for periods of more than a year and an authorised borrowing limit for unforeseen emergencies. Both are specified annually in accordance with the prudential indicator requirements.

The Council does not currently have any borrowing, but should it be needed can access funds from the Public Works Loan Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Market Risk**(1) Interest Rate Risk:**

The Council is exposed to risk in terms of its exposure to investment interest rate movements. Most investments are made for fixed periods and therefore changes in market rates during the investment period can lead to the fair value of an investment being higher or lower than its carrying value. Investment decisions through Treasury Management activity seek to manage this risk as much as possible by taking a view on investment interest rate trends. Investment deposits are committed only for short term thus minimising this risk.

Sensitivity Analysis

If variable interest rates had been 1% higher with all other variables held constant the financial effect would be a decrease in the deficit on the provision of services in the CIES of £90K.

If there was a decrease in variable interest rates from 0.804% to 0% there would be an increase in the deficit on the provision of services in the CIES of £72K.

(2) Price risk:

The Council does not invest in equity shares or gilts and therefore is not subject to any price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).

(3) Foreign exchange risk

The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

15. INVENTORIES

<u>15. INVENTORIES</u>								
	TIC			Postage		Fuel		Total
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Balance outstanding at start of year	13	9	3	5	1	1	17	15
Purchases	9	2	47	34	5	8	61	44
Recognised as an expense in the year	(13)	(9)	(45)	(38)	(5)	(4)	(63)	(50)
Balance	9	2	5	1	1	5	15	9

16. DEBTORS

31-Mar-19 £000		31-Mar-20 £000
1,476	Trade Receivables	1,533
186	Prepayments	168
545	Other receivable amounts	697
2,207	Total	2,399
344	Central government bodies	65
349	Other local authorities	1,061
	Other entities and individuals:	
374	Council tax and NDR	348
409	Housing benefit recoveries	59
186	Prepayments	168
511	Service debtors	680
33	Other debtors	17
2,207		2,399

17. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

31-Mar-19 £000		31-Mar-20 £000
245	Less than three months	215
-	- Three to six months	-
-	- Six months to one year	-
129	More than one year	392
374		607

18. LONG TERM DEBTORS

	Balance 31-Mar-19 £000	New Advances £000	To Short Term Debtors £000	Balance 31-Mar-20 £000
Loans issued	50	-	(13)	37
Charges against Property	227	39	(18)	248
	277	39	(31)	286

19. CASH AND CASH EQUIVALENTS

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

31-Mar-19 £000	Cash held by the Council	31-Mar-20 £000
4	Cash held by the Council	4
1,668	Bank Current Accounts	1,100
6,205	Short term deposits	11,012
7,877	Total Cash and Cash Equivalents	12,116

20. CREDITORS

31-Mar-19 £000		31-Mar-20 £000
2,833	Trade Payables	4,491
2,189	Other Payables	3,027
5,022	Total	7,519

21. PROVISIONS

	2018/19 £000	Additional Provisions made £000	Amounts Utilised in 2019/20 £000	Unused amounts reversed £000	2019/20 £000
Short Term: < 1 year					
Insurance	-	-	-	-	-
Planning Appeals	54	9	(6)	(24)	33
Business Rate Appeals	1,027	519	(156)	0	1,390
Total Short Term	1,081	528	(162)	(24)	1,423
Long Term: > 1 year					
Insurance	100	-	-	-	100
Total Long Term	100	-	-	-	100
Total Provisions	1,182	528	(162)	(24)	1,523

Insurance

This provision is for the coverage of probable insurance claims under the Municipal Mutual Insurance Scheme

Planning Appeals

See also above, provision is made where there is a probable obligation.

Business Rates Appeals

Provision is made for outstanding rating appeals based on information supplied by the Valuation Office, as well as for appeals which are as yet unlogged.

22. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the movement in reserves statement.

23. UNUSABLE RESERVES

Opening and closing balances for all the Unusable Reserves detailed below are disclosed on the face of the Balance Sheet while full movements for the year are detailed in the Movement In Reserves Statement

31-Mar-19	31-Mar-20
£000	£000
33 Revaluation Reserve	(15,489)
(1,070) Capital Adjustment Account	(23,591)
- Deferred Capital Receipts Account	-
2,521 Pensions Reserve	24,874
390 Collection Fund Adjustment Account	98
(6) Available for Sale Reserve	373
(28) Accumulated Absences Account	69
<u>1,840</u> Total Unusable Reserves	<u>(13,666)</u>

Revaluation Reserve

The revaluation reserve holds individual balances for each asset where an increase in value has occurred. These balances are reduced when the assets are revalued downwards, impaired, used in the provision of services or disposed of and the balance realised. The revaluation reserve only contains gains accumulated since 1 April 2007, the date it was created. Gains before this date are consolidated into the Capital Adjustment Account. This reserve is not available to support spending.

31-Mar-19	31-Mar-20
£000	£000
(13,609) Balance at 1 April	(14,066)
(956) Upward revaluation of assets	(2,298)
466 Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	851
<u>(490)</u> Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services	<u>(1,447)</u>
33 Difference between fair value depreciation and historical cost depreciation	24
33 Amount written off to the capital adjustment account	24
<u>(14,066)</u> Balance at 31 March	<u>(15,489)</u>

Capital Adjustment Account

The Capital adjustment account contains the difference between amounts provided for depreciation and impairment of assets and the capital expenditure financed from capital receipts. It also contains revaluation gains accumulated prior to 1 April 2007, the date the revaluation reserve was created. The Capital Adjustment Account is not available to support spending.

31-Mar-19	31-Mar-20
£000	£000
(22,107) Balance at 1 April	(23,177)
36 Amortisation of intangible fixed assets	24
706 Depreciation of fixed assets	646
(338) Revaluation gain on non current assets	60
(502) Reversal of Capital Grants & Contributions Credited straight to services	(336)
437 Revenue Expenditure Funded From Capital Under Statute	320
(661) Revaluation of Investment Assets	(97)
12 Net gain/loss on sale of fixed asset	-
(226) Statutory provision for financing	(226)
(534) Capital receipts applied	(805)
<u>(23,177)</u> Balance at 31 March	<u>(23,591)</u>

Deferred Capital Receipts

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. The Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Usable Capital Receipts Reserve.

31-Mar-19 £000		31-Mar-20 £000
-	Balance at 1 April	-
	Reversal of Capital Grants & Contributions Credited straight to	
-	services	-
<u>-</u>	Balance at 31 March	<u>-</u>

Pensions Reserve

The Pensions Reserve is an adjustment account that manages the effects of IAS19 charges made to the Comprehensive Income and Expenditure Statement against the statutory requirements for meeting the cost of retirement benefits from local taxes, as well as absorbing the impact of actuarial gains and losses.

31-Mar-19 £000		31-Mar-20 £000
26,453	Balance at 1 April	25,535
(3,448)	Actuarial gains/losses on pension assets/liabilities	(2,330)
9	Revaluation gain on non current assets	9,733
	Net charges made for retirement benefits in accordance with	
3,453	IAS19	(7,011)
	Employer's contributions payable to the pension fund and	
(932)	retirement benefits payable direct to pensioners	(1,053)
<u>25,535</u>	Balance at 31 March	<u>24,874</u>

Collection Fund Adjustment Account

Replaces the collection fund surplus balance attributable to this Council and reflects the adjustment needed to allow accounting requirements to be reconciled to statutory requirements.

31-Mar-19 £000		31-Mar-20 £000
(224)	Balance at 1 April	167
390	Transfers to/(from) Collection Fund Adjustment Account	(69)
<u>167</u>	Balance at 31 March	<u>98</u>

Available for Sale Reserve

Changes in the Fair Value of Available for Sale Assets are balanced by a entry in the Available for Sale Reserve.

31-Mar-19 £000		31-Mar-20 £000
113	Balance at 1 April	106
(6)	Transfers to/(from) Available for Sale Reserve	267
<u>106</u>	Balance at 31 March	<u>373</u>

Accumulated Absences Account

This account holds the balance of leave/lieu time earned by employees but not taken at 31 March 2020. Accounting arrangements require leave due to employees to be charged to the Comprehensive Income and Expenditure Statement but not the General Fund.

31-Mar-19 £000		31-Mar-20 £000
79	Balance at 1 April	51
(79)	Employee Benefits Accrued (prior year adjustment)	(51)
51	Employee Benefits Accrued (current year adjustment)	69
<u>51</u>	Balance at 31 March	<u>69</u>

24. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2018/19		2019/20
£000		£000
(296)	Interest received	(334)
(296)		(334)

Statements

2018/19		2019/20
£000		£000
(739)	Depreciation, impairments and amortisation	(666)
1	Decrease in inventories	8
912	increase / (decrease) in debtors	575
744	Increase in creditors	859
1,355	Increase in provisions	341
(4,401)	Pension costs	2,492
932	Movement in pension liabilities	(2,221)
1,005	Revaluation gains on the value of non-current assets	(300)
(191)		1,088

The surplus or deficit on the provision of services has been adjusted for the following items

2018/19		2019/20
£000		£000
-	Proceeds of sale of property, plant and equipment, investment	
(131)	property and intangibles	98
(296)	Capital grants received	(334)
	Interest received	
(427)		(236)

25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2018/19		2019/20
£000		£000
459	Purchase of property, plant and equipment, investment	776
	property and intangibles	
2,000	Purchase of short and long term investments	260
-	Other payments made for investing activities	-
	Proceeds of sale of property, plant and equipment, investment	
(16)	property and intangibles	-
(1,000)	Proceeds of sale of short and long term investments	
-	Other receipts from investing activities	(816)
1,443	Net cash (inflow)/outflow from investing activities	220

26. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2018/19		2019/20
£000		£000
226	Repayment of finance lease	226
(1,060)	Other receipts for financing activities	1,959
(390)	Other cash receipts from financing activities	413
(296)	Interest Received	334
(1,520)	Net cash (inflow)/outflow from financing activities	2,932

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 March 2019	Financing Cashflows	Changes which are not financing cash flows		31 March 2020
	£000	£000	Acquisition	Other non- financing cash flows	£000
Lease Liabilities	1,132	(226)	-	-	906
Total liabilities from financing activities	1,132	(226)	-	-	906

	31 March 2018	Financing Cashflows	Changes which are not financing cash flows		31 March 2019
	£000	£000	Acquisition	Other non- financing cash flows	£000
Lease Liabilities	1,358	(226)	-	-	1,132
Total liabilities from financing activities	1,358	(226)	-	-	1,132

28. MEMBERS' ALLOWANCES

The total attendance allowances paid to Members were as follows:

2018/19		2019/20
£000		£000
220	Basic Allowance	201
9	Other Allowance	7
12	Expenses	9
241	Total	217

29. REMUNERATION OF SENIOR STAFF

The following table shows the remuneration for the Council's senior officers

2019/20	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Job Title	£000	£000	£000
Chief Executive	-	-	-
Richard Holmes - Director of Service Delivery	87	14	101
Paul Dodson - Director of Strategy, Performance and Governance	87	14	101
Emma Foy - Director of Resources	87	5	92

The Chief Executive post remained vacant throughout 2019/20.

The Director of Resources resigned with effect from August 2019

2018/19	Name	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Job Title		£000	£000	£000
Fiona Marshall - Chief Executive		78	6	84
Richard Holmes - Director of Service Delivery		80	12	92
Paul Dodson - Director of Strategy, Performance and Governance		80	12	92
Emma Foy - Director of Resources		81	12	93

The salary of the Chief Executive includes a sum for redundancy.

For this purpose 'remuneration' means all amounts paid to or receivable by an employee and includes employer pension contributions, sums due by way of expenses allowance (so far as those sums are chargeable to UK income tax) and the estimated money value of any other benefits received by an employee other than in cash.

The number of employees - other than senior officers shown in the table above - whose remuneration was in excess of £50,000 was as follows :

2018/19		2019/20
2	£50,000 - £54,999	1
1	£55,000 - £59,999	2
1	£60,000 - £64,999	2
2	£65,000 - £69,999	1
6		6

For this purpose 'remuneration' means all amounts paid to or receivable by an employee excluding employer pension contributions and including sums due by way of expenses allowance (so far as those sums are chargeable to UK income tax) and the estimated money value of any other benefits received by an employee other than in cash. Part time or temporary posts would be included at annualised cost.

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

(a) Exit Package costs band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band ((b + c))		(e) Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	13	21	1	0	14	21	136,202	177,272
£20,001 - £40,000	3	1	0	0	3	1	94,459	31,620
Total cost included in bandings and in the CIES							230,661	208,892

30. TERMINATION BENEFITS

Termination benefits are amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

£343,992 was paid out in termination benefits in 2019/20 in respect of 22 employees. (£390,595 in 2018/19 in respect of 17 employee).

31. AUDIT AND INSPECTION COSTS

The Council has incurred the following costs in relation to the audit of the statement of accounts. The appointed auditors were Deloitte LLP.

2018/19		2019/20
£000		£000
48	Fees payable to Deloitte LLP with regard to external audit services carried out for the year	75
4	Fees payable in respect of other services	4
52	Total	79

32. GRANT INCOME

The Council credited the following Capital grants and contributions to the Comprehensive Income and Expenditure Statement - Taxation and Non Specific Grant Income:

It also credited the following Revenue grants and contributions to the Comprehensive Income and Expenditure Statement - Cost of Services:

2018/19	Revenue Grants Credited to Services	2019/20
£000		£000
91	NDR Admin Grant	90
56	Council Tax Admin Grant	-
134	Housing Benefit Admin Grant	122
13,762	Housing Benefits	11,736
52	DCLG Homelessness Grant	124
11	Electoral Registration / IER	-
-	Bradwell B	172
14,106	Total	12,244

33. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council. The most significant related party transactions with these bodies are disclosed in the precepting bodies in the Collection Fund. Details of financial transactions with these bodies are disclosed in the Comprehensive Income and Expenditure Statement and associated notes.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 28.

In 2013/14 the Council advanced a 10 year loan, totalling £100,000 to Stow Maries Great War Aerodrome Ltd, of which Cllr. A Fluker was a Trustee. £37,500 was outstanding and shown in the balance sheet as at 31/03/20.

Senior Offices with budgetary control had interests in the following companies where the Council had financial transactions in the year.

Shirley Hall - D Hall Electrical (owned by officers son) expenditure in 2019/20 of £15,923.65

A Register of Members Interests is held by the Council; in this document members set out details of their interests, as required by the Localism Act 2011 and also by the Council's Code of Conduct.

This information is published on the Council's website (www.maldon.gov.uk), using the search term 'Register of Interests'.

34. CAPITAL EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2020

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in note 35.

	Vehicles, Plant & Equipment	Intangible Assets (Software Licences)	Land and Buildings	Infra- structure	Revenue Funded from Capital Under Statute	Renovation Loans	Total
Operational Assets	£000	£000	£000	£000	£000	£000	£000
New Rangers Vehicle	10	-	-	-	-	-	10
Tip Road Resurfacing	-	-	-	59	-	-	59
Car Park Machines Prom & Maldon Town Centre	111	-	-	-	-	-	111
Heybridge cemetery chapel roof	-	-	-	14	-	-	14
Coastal Trail	-	-	-	5	-	-	5
I.T Network	-	143	-	-	-	-	143
Unified Communications	-	19	-	-	-	-	19
I.T Contact Centre	-	(48)	-	-	-	-	(48)
I.T Digital Platform	-	45	-	-	-	-	45
I.T Windows 10	-	139	-	-	-	-	139
I.T Upgrades and API's	-	36	-	-	-	-	36
Provision of Superfast broadband	-	45	-	-	-	-	45
I.T Upgrades	-	64	-	-	-	-	64
Parks Vehicles and Mowers	103	-	-	-	-	-	103
Cemeteries - New Digger	11	-	-	-	-	-	11
All Weather Prom Car Parking Improvements	-	-	-	19	-	-	19
Minor Repair	-	-	-	-	7	-	7
Disabled Facilities Grants	-	-	-	-	331	-	331
Renovation Loans	-	-	-	-	-	26	26
Rounding	-	-	-	-	-	-	1
Total for Y/E 31 March 20	235	443	0	97	338	26	1,140
Total for Y/E 31 March 19	60	284	1	153	1	0	499

The £1,140k capital spend comprises of £776k resulting in creation of assets on the balance sheet and £364k Minor repair, Disabled Facilities Grants and Renovation Loans listed in the table above.

35. FINANCING OF CAPITAL EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2020

The above expenditure was financed in the following ways:

2018/19			2019/20		
Capital £000	REFCUS £000	Total £000	Capital £000	REFCUS £000	Total £000
400	-	400	803	-	803
66	437	503	-	331	331
2	-	2	6	-	6
468	437	905	809	331	1,140

Capital Financing Requirement (CFR):

2018/19		2019/20	
£000		£000	
-	Opening CFR	(409)	
496	Capital Investments	1,140	
(905)	Capital Financing	(1,140)	
(409)	Closing CFR	(409)	

36. LEASES.**Council as lessee****Finance leases**

The Council effectively "leases" Refuse vehicles indirectly through its contract with Suez as they use their vehicles solely on the Council's behalf. These are known as "embedded leases".

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at

31-Mar-19		31-Mar-20
£000		£000
1,130	Embedded Leases	943
1,130		943

The Council's exposure to these minimum "embedded" lease payments is summarised below:

31-Mar-19		31-Mar-20
£000		£000
226	Current	231
905	Non - current	679
13	Finance costs payable in future years	8
1,144	Minimum lease payments	918

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-19 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-20 £000
Not later than one year	231	231	226	226
Later than one year and not later than five years	914	687	905	678
	1,145	918	1,131	904

Operating leases

The Council has acquired an administrative building, vehicles plant and equipment and its IT and telecommunications system by entering into operating leases, with typical lives of 10 years.

31-Mar-19		31-Mar-20
£000		£000
82,202	Not later than one year	70,732
191,425	Later than one, and not later than five years	132,258
-	Later than five years	-
273,627		202,990

The expenditure charged to the business change line in the comprehensive income and expenditure statement

31-Mar-19		31-Mar-20
£000		£000
273,627	Minimum lease payments	202,990
273,627		202,990

Council as lessor**Finance leases**

The Council has no finance leases as lessor

Operating leases

The Council leases out property and equipment under operating leasing for the following purposes:

- for economic development purposes to provide suitable affordable accommodation for local businesses
- for the provision of community services such as river leases.

Income the Council is expecting to receive from minimum lease rental payments is analysed as:

31-Mar-19		31-Mar-20
£000		£000
404	Not later than one year	488
1,390	Later than one, and not later than five years	1,571
10,911	Later than five years	11,148
12,705	Total	13,207

37. DEFINED BENEFIT PENSION SCHEME**Participation in Pension Schemes**

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

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded defined benefits final salary/career average scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required against Council Tax is based on the cash contributions payable to the Pension Fund 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:

2018/19 £000		2019/20 £000
	Service Cost	
2,768	Current service cost	2,097
968	Past service cost (including curtailments and administration)	495
3,736	Total Service Cost	2,592
	Financing and Investment Income and Expenditure	
665	Net Interest on the Net Pension Liability	609
4,401	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	3,201
	Other post-employment benefits charged to the comprehensive income and expenditure statement:	
	Remeasurements of the Net Defined Liability Comprising:	
(2,691)	Return on plan assets excluding amounts included in net interest	3,838
(4,210)	Changes in demographic assumptions	(447)
3,453	Changes in financial assumptions	(7,011)
-	Other	1,290
(3,448)	Total remeasurements recognised in other comprehensive income	(2,330)
953	Total Post Employment Benefits Charged to the Comprehensive Income and	871
	Movement in Reserves Statement	
(4,401)	Reversal of net changes made to the surplus or deficit on the provision of services	(3,201)
932	Employers' Contributions Payable to the Scheme	1,053
(3,469)		(2,148)

Future Employer Contributions will be subject to the triennial review that is currently underway.

37. DEFINED BENEFIT PENSION SCHEME cont.**Pensions Assets and Liabilities Recognised in the Balance Sheet**

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

2018/19	2019/20
£000	£000
(75,134) Present value of funded liabilities	(71,470)
50,972 Fair value of employer assets	47,913
(1,373) Present value of unfunded liabilities	(1,317)
(25,535) Net Liability Arising From Defined Benefit Obligation	(24,874)

Reconciliation of the Movements in Fair Value of Scheme Assets
Transactions Relating to Post-Employment Benefits

2018/19	2019/20
£000	£000
48,059 Opening fair value of scheme assets	50,972
1,213 Interest income	1,216
Remeasurement gain	
2,691 Return on plan assets excluding amounts included in net interest	(3,838)
Other actuarial gains/(losses)	214
(20) Administration expenses	(16)
932 Contributions from employer	1,053
337 Contributions from employees into the scheme	299
(2,240) Benefits paid	(1,987)
50,972 Closing Fair Value of Scheme Assets	47,913

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

2018/19	2019/20
£000	£000
74,521 Opening fair value of scheme liabilities	76,507
1,820 Current service cost	1,618
1,878 Interest cost	1,825
337 Contributions from scheme participants	299
Remeasurement gain	
(4,210) Changes in demographic assumptions	(447)
3,453 Changes in financial assumptions	(7,011)
(115) Other	1,504
948 Past service cost	479
(2,125) Benefits paid	(1,987)
76,507 Closing Fair Value of Scheme Liabilities	72,787

Defined Benefit Pension Scheme Risks

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

- Investment risk: the Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: the Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: all of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk: on the event that the members live longer than assumed a deficit will emerge on the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Essex Pension Fund, there is an orphan liability risk where employers leave the Fund with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

37. DEFINED BENEFIT PENSION SCHEME cont.**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the Essex County Council Fund being based on the latest valuation of the scheme.

The principal assumptions used by the actuary have been:

2018/19	Assumptions	2019/20
Long term expected rate of return on assets in the scheme:		
Longevity at 65 for current pensioners:		
21.3 Years	Men	21.8 Years
23.6 Years	Women	23.7 Years
Longevity at 65 for future pensioners:		
22.9 Years	Men	23.2 Years
25.4 Years	Women	25.2 Years
Financial assumptions:		
3.4%	RPI increases	2.7%
2.4%	CPI increases	1.9%
3.9%	Rate of increase in salaries	2.9%
2.4%	Rate of increase in pensions	1.9%
2.40%	Rate for discounting scheme liabilities	2.35%

The Discretionary Benefits arrangements have no assets to cover its liabilities.

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

2018/19			2019/20	
£000	%		£000	%
31,735	62	Equities	28,044	59
2,705	5	Gilts	2,065	4
2,979	6	Other Bonds	2,903	6
4,532	9	Property	4,309	9
1,342	3	Cash	1,992	4
4,970	10	Alternative Assets	5,519	12
2,709	5	Other	3,081	6
50,972	100	Total	47,913	100

Based on the above, Maldon District Council's share of the assets of the total Essex Pension Fund is approximately 1%.

Sensitivity Analysis: present value of total obligation

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

2018/19			Adjustment to:	2019/20		
£000	£000	£000		£000	£000	£000
+0.1%	0.0%	-0.1%	discount rate	+0.1%	0.0%	-0.1%
74,586	75,960	77,361		71,408	72,787	74,195
+0.1%	0.0%	-0.1%	long term salary increase	+0.1%	0.0%	-0.1%
76,115	75,960	75,806		72,898	72,787	72,678
+0.1%	0.0%	-0.1%	pension increases & deferred revaluation	+0.1%	0.0%	-0.1%
77,205	75,960	74,738		74,089	72,787	71,510
+1 Year	None	-1 Year	mortality age rating assumption	+1 Year	None	-1 Year
78,835	75,960	73,192		75,880	72,787	69,830

38. CONTINGENT LIABILITIES

At 31 March 2020, the Council had two contingent liabilities:

As a local planning Council, decisions are made in relation to planning applications; there is a process in place which enables appeals to be made against these decisions. Historically some of the appeals that have been lodged have been upheld and have resulted in costs being awarded against the Council. A provision has been made, in relation to appeals that have been upheld and where there is an expectation of costs being awarded against the Council. Where an appeal decision has not yet been made there is also potential that the Council may incur future costs, however at this stage it remains improbable and is not quantifiable.

There is a possible claim against the Council for compensation for refusing to permit the felling of 2 oak trees that are protected by tree preservation orders at 36 St Stephens Road, Cold Norton. The claim is estimated to be up to £40,000 and could fall to be paid in the fiscal year 2020/2021. No provision has thus been made for this contingency.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MALDON DISTRICT COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Maldon District Council ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Balance Sheet;
- the Movement in Reserves Statement;
- the Cash Flow Statement;
- the Collection Fund; and
- the related notes 1 to 38.

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 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - material uncertainty related to property valuation

We draw attention to note 4 and 10, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the Council's valuation of other land and buildings.

As noted by the Council's external valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the property portfolio at the balance sheet date.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Chief Financial Officer's use of the going concern basis of accounting in preparation of the financial statements is not
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for: the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS**Report on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources****Conclusion**

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Maldon District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the

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. 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. 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.

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 in [insert month, year], as to whether Maldon 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 Maldon District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made 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;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

CERTIFICATE OF COMPLETION OF THE AUDIT

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

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Craig Wisdom (Appointed auditor)

For and on behalf of Deloitte LLP

St Albans, United Kingdom

26/11/2020

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GLOSSARY**Accounting Policies**

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- recognising;
 - selecting measurement bases for; and
 - presenting
- assets, liabilities, gains, losses and changes to reserves

Accruals Concept

Income and expenditure is recognised where it is earned or incurred, not when money is received or paid.

Accumulated Absences

Holiday entitlements, or any other form of leave such as time off in lieu earned by employees, which has not been taken by the end of the financial year and can be carried forward to the next financial year.

Actuarial Gains and Losses

For a defined benefit pension scheme, actuarial gains and losses are the changes in the actuarial surplus/deficits which arise because either events have not coincided with previous actuarial assumptions or where actuarial assumptions have changed.

Actuary

An expert who advises on the cost of pensions and determines whether the Pension fund is adequate to meet its commitments.

Amortisation

Spreading the cost of an intangible asset over the expected periods of its use and benefit to the Council.

Appropriations

The transfer of resources between revenue/capital accounts and the reserves held by the Council.

Assets Held for Sale

Non-current assets which are no longer required by the Council and are marketed for sale/disposal

Capital Adjustment Account (CAA)

An account which reflects the timing difference between the charges to the CIES account for the use of non-current assets to provide services over a number of years, and actual funds set aside to pay for the original cost of assets.

Capital Expenditure

Expenditure relating to the acquisition or enhancements of property, plant & equipment assets, heritage assets, intangible assets and investment property and certain other items meeting the definition of capital expenditure under statute.

Capital Financing Requirement

This is a measure of the Council's need to borrow funds to pay for capital expenditure.

Capital Receipts

Proceeds from the sale of an asset. Sums received and not yet used for further capital expenditure are held in the Usable Capital Receipts reserve.

Capital Programme

The Council's budget for capital expenditure and resources over the current and future years. Income generated from the sale of capital assets and the repayment of grants/loans given for capital purposes. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be used for finance capital expenditure.

Cash and Cash Equivalents

Cash available at immediate notice and short-term investments readily convertible to cash without risk to the principal sum.

Collection Fund

A fund administered by the Council recording receipts from Council Tax and Business Rates, and payments to the General Fund and other public authorities, including Central Government.

GLOSSARY CONT.**Commitments**

Budget provision for specific items that are committed or planned for a year where the specific goods or services are not received by 31 March and for which there is no provision in the following year. Such budgets may be formally 'carried forward' to the following year to match the committed or planned expenditure.

Community Assets

Assets that the Council does not plan to sell and which have no definite useful life. Examples of community assets are parks and historic buildings.

Contingent**Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities

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

Council Tax

A local tax charged to the occupiers of residential properties used to finance the budget of the Council for the year.

Creditors

Amounts owed by the Council for goods, services and works that have been received by the Council for which no payments have been made by the Council at the Balance Sheet date.

Current Asset

Asset held which will be realised, sold or consumed within the next financial year.

Current Liability

Amounts which will be settled within the next financial year.

Current Service Cost (Pensions)

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

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits

Debtors

Amounts owed to the Council for goods, services and works that have been provided by the Council for which payments have not been received by the Council at the Balance Sheet date.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

GLOSSARY CONT.**Depreciation**

The measure of the loss in the value of an asset during the period due to age, wear and tear, deterioration or obsolescence. This charge is spread over the useful life of the asset.

Earmarked Reserves

Amounts set aside for future commitments or potential liabilities.

Effective Interest Rate (EIR)

The rate of interest necessary to discount the expected cash flows on a financial instrument in order to reduce its amortised cost to equal the amount of the original principal invested or borrowed.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Financial Instruments

These are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments held by the Council include borrowings, investments, creditors and debtors.

Finance Lease

A lease which effectively transfers the risk of ownership of a non-current asset from a lessor to a lessee in return for a series of regular payments. Where the Council has obtained non-current assets by finance lease these assets are shown on the Council's balance sheet.

Financial Year

The period of twelve months covered by the accounts, which commences on 1st April.

General Fund

The main revenue fund of the Council, which summarises the cost of all services the Council provides.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the income and expenditure accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Gross Book Value

This represents the original price paid for an asset adjusted for subsequent revaluations, acquisitions, enhancements and disposals.

Heritage Assets

A heritage asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Impairment

A reduction in the value of a non current asset caused by a specific event occurring to the asset.

Intangible Assets

Assets which do not have a physical substance but are identifiable and are controlled by the Council through custody or legal rights. Examples of such asset are software licences.

Inventory

The amount of unused or unconsumed inventory held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Inventories comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

GLOSSARY CONT.**Investment Property**

Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of operations.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Business Rates

This is a levy paid by the occupiers of non residential properties within the Council's district. It is charged on the rateable value of each non residential property multiplied by a uniform amount set annually by central government. This levy contributes to the cost of providing local Council services. The NDR income collected is redistributed between Maldon District Council, Central Government, Essex County Council and Essex Fire and Crime Commissioner.

Non Distributed Costs

These are overhead costs which provide no benefits to services and are therefore not distributed to services. These include pensions arising from discretionary added years service.

Net Book Value (NBV)

The Net Book Value of an asset is equivalent to its gross book value, less cumulative depreciation and impairment charges. Assets are included in the Balance Sheet at their net book value.

Precept

This is the amount that local authorities providing services within the Maldon District require to be paid from the Collection fund to meet the net cost of their services. The Council Tax requirement is made up of the sum of all the precepts levied on the Billing Council. For the Maldon district – precepts are raised by Maldon District Council, Essex County Council, PFCC for Essex Policing and Community Safety, Essex PFCC Fire & Rescue Council and Town and Parish Councils.

Principal Amount

The original amount of debt or investment on which interest is calculated.

Property, Plant and Equipment (PPE)

Assets held by the Council, which are directly used or occupied by the Council in the delivery of the Council's services. These are tangible assets (e.g. land, buildings, vehicles etc.) which yield benefit to the Council for a period of more than a year.

Provision

Amounts set aside where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Prudential Code

This Code is developed by CIPFA and sets out the system of capital financing and capital controls for local authorities. Prudential limits apply to all borrowing, qualifying credit arrangements and other long-term liabilities – whether supported by government or entirely self-financed. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so. The Code seeks to ensure that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.

Revaluation

A technique used to adjust the value of certain classes of Property, Plant and Equipment assets to their fair value.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset.

Revenue Support Grant (RSG)

Central government provides financial support towards the general expenditure of local authorities. The entitlement of each local Council is determined by a prescribed methodology.

Useful Life

The period over which benefits will be derived from the use of Property, Plant and equipment asset.

Annual Governance Statement

Summary: How our governance arrangements at Maldon District Council underpin delivery of the corporate plan and outcomes.

Maldon District Council has taken the opportunity to refresh its governance arrangements, having completed a whole council Transformation programme in 19/20. As part of this, we have clarified how we track our governance arrangements, and how they support Corporate outcome delivery. For example:

A revision of our Committee structure and associated update to our constitution has taken place as part of the Transformation work.

Quarterly performance and risk reporting have been refreshed and both are being reported to Performance, Governance and Audit committee.

A refresh of delegated responsibilities has taken place to support the new structure and staffing changes, so accountability is clear to officers and members.

We have established a Project Management Office and processes to ensure monitoring and oversight to support delivery of Corporate Projects, with monthly Extended Leadership Team projects board and a corporate approach to benefits realisation

This activity was all underpinned by a Transformation programme lead by external consultants Ignite, and a full redesign of council service delivery in 2019/20.

Activity has since been followed up with a process improvement workplan to continue to drive efficiency in the council, reviewing our end to end processes and putting new digital customer processes in place to provide better value for money.

Internal audit summary – BDO

We are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The majority of the audits provided moderate assurance in the design and operational effectiveness of controls, with substantial assurance for the design of controls provided in two instances. However, there were three instances where we provided limited assurance, with respect to the design of controls of IT Disaster Recovery and the effectiveness of controls relating to Main Financial Systems (Accounts Payable, Accounts Receivable and Expenses). The deterioration in assurance over financial controls is a concern and is consistent with the findings of external audit. This appears to be the result of the impact of the transformation programme and there is an action plan to address these issues.
- There are currently two remaining audits with fieldwork in progress. It is unlikely that their outcomes will change the overall audit opinion:
 - Flooding Risk Management

- Corporate Governance
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in the credit control process, the governance of approving Members' expense claims, IT disaster recovery arrangements and documentation of procurement and contract monitoring activities, particularly relating to older contracts, however the Council is already working to address the issues identified.

Overall, the significant transformation the Council has gone through has presented challenges to the control environment, particularly in Finance. While there remain some gaps and risks, our work has on the whole shown that the Council has generally been able to maintain reasonable controls and, in some areas, such as GDPR and workforce has developed good practice arrangements.

Action plan: What we will do more of in 2020/2021: |

In compiling the annual governance statement, we have identified areas for further improvement over the next financial year.

The delivery of the action plan below will be tracked at our Performance, Governance and Audit committee:

Action
Be more performance driven. Focus has been on establishing measures and reporting at an outcome level, the programme for the next year will be to review and revise these measures
Internal balance scorecard reporting has been put together and will start to be used at leadership meetings- enabling swift decision making
Overall PMO reporting and lessons learned utilised at extended leadership team and to inform future budget considerations
A review of the Corporate Risk Register, to map Risk Management to the corporate outcome delivery
Plan the internal audit programme according to the weaknesses in outcome delivery
Monitor and improve commercial income delivery, and tracking the benefits of the Transformation programme
Review our Audit committee arrangements <u>in light of</u> the Redmond review (i.e. Performance, Governance and Audit committee)
Analyse our preparedness for the CIPFA financial management code and put necessary measures in place for 2021 https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code
Public involvement and budget consultation as part of our Annual Strategic Cycle
Peer review of our scrutiny arrangements
Governance internal audit actions
Further roll out of risk management training
Monitor the impact of the COVID pandemic on MDC governance arrangements

Background information

Our arrangements for Governance support



At Maldon District Council, our Governance arrangements are underpinned by a mix of business and operational management, oversight and support activities and independent assurance. The activity is fed into the Performance, Governance and Audit Committee and then into full Council.

An analysis of this work and the plan for the following year is what forms the Annual Governance Statement.

Progress made on last AGS actions -

In the 2018/19 AGS no significant governance issue were identified, on the basis of a review of the Council's Corporate Risk Register and Internal Audit reports.

It was felt that because no significant governance issues had been identified, a response in the form of an action plan was not necessary.

As we drive to be a more performance and efficiency focused council, despite governance arrangements moving on and no specific corporate risks and audit actions having been raised over the last year, we are keen to identify further areas for governance improvement. The approach for the report this year has been to analyse the seven key principles of good governance, and drive areas where further work and improvements could take place.

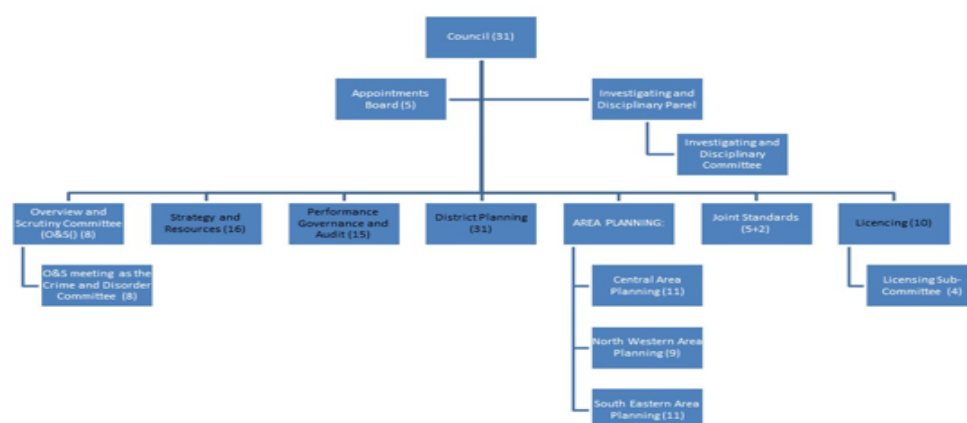
CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance, highlights seven key areas for good corporate governance, as shown in the diagram below:



This year, the following activity has taken place within this Governance Framework:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

This year we have reviewed and implemented a new constitution and committee structure – the process for doing this included members and officers in a Corporate Governance Working Group, and the new committee structure reflects the Transformation work that has taken place.



A new staff structure has also been put in place as part of a council-wide transformation programme, with three new focused directorates and a move away from silo, subject working.

Our committee structure has a joint standards committee. Two Member and one Parish Councillor conduct complaints were referred and dealt with at this committee in 2019/20.

In response to the pandemic, at an extraordinary Council meeting on 17 March 2020 the decision was taken to begin operating under emergency powers which meant that going forwards any one of the three directors would be able to make decisions about council business. This decision making was in consultation with the Leader of the Council, Leader of the Opposition and Chairman of the Council. This group of six people met regularly as the Interim Measures Group to discuss any business that needs to be dealt with and to discuss any decisions made. Any decisions that would have ordinarily been the business of Full Council had papers published five working days clear to the IMG meeting to allow all other members to review and comment to those in the meeting, and to also allow for public transparency.

Remote committee meetings of Council commenced on 28th May 2020 with the Performance, Governance and Audit Committee commencing remotely on 25th June 2020.

Updates have been provided to senior managers on our anti-fraud and corruption and whistle blowing policies.

The Council has a Whistle Blowing Policy, which was last reviewed in January 2018 by the Finance and Corporate Services Committee. It sets out the arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.

We launched a Staff survey in December 2019 and received a response rate of 61% and some honest feedback and common themes from staff of areas for management to address. This is being followed up with a 'you said, we did' action plan for staff and has helped senior managers reflect on areas for improvement.

The Council has adopted a number of codes and protocols which set out the parameters for the way in which it operates, in particular a Member/Officer Relations Protocol intended to clarify roles and promote effective communication.

The Council's Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (under the Local Government Act 1972), is responsible for ensuring that sound financial management systems are maintained, and expenditure is lawful and appropriate, and this appointment is normally held by the Director of Resources.

The Council's constitutional arrangements include a Code of Conduct for elected Members based on the Principles of Public Life (the Nolan Principles). This was originally adopted in 2012 and revised in 2016. Officers are subject to a Code of Conduct, the policy for which was adopted with effect from 18 November 2013 and last revised in April 2018.

Registers of gifts and hospitality are maintained for both Members and Officers. A statutory register of interests is maintained for Members, and the staff Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.

The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's intranet.

BDO LLP under their remit of Internal Auditors consider fraud as part of their audit workplan. This ensures we conform to the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).

B. Ensuring openness and comprehensive stakeholder engagement

We launched an annual residents survey in October 2019, which was available online, and it was also promoted in the October waste letters that were delivered to all households. Specific questions in the survey are used to measure the delivery of the corporate plan outcomes.

Public are invited to speak at committee meetings.

We have an internal audit plan, which reviews our controls and risk and provides opportunity for improvements to be identified and addressed. In 2019/20 seven internal audits took place for the following areas:

GDPR Compliance

Risk Maturity Assessment

Procurement & Contract Management

IT Disaster Recovery

Key Financial Systems

Workforce Management

Network Security

The Council undertakes consultation with particular interest groups, including our Friends Groups, Parish Clerks' Forum, Developer Forum, Landlord Forum, Business Forums, Community Safety Partnership and Park Watch scheme members.

The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

We have established new quarterly corporate performance reporting template which measures the delivery of the outcomes in the corporate plan.

The Corporate Plan is underpinned by the thematic strategies of:

1. Prosperity
2. Place
3. Community

And align to the economic (Prosperity), social (Community) and environmental (Place) outcomes.

With the adoption of these strategies and new performance reporting that underpin them, we have focussed our outcomes to these three areas.

The Corporate Plan details the vision, goals, objectives and core values that guide the direction, work and achievements of the authority. It is the Council's core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium Term Financial Strategy, ICT Strategy and Workforce Development Plan, all of which underpin the Council's ambition to transform the way it delivers its services in the future.

At an operational level, each service produces a Level 2 business plan. These are not submitted to Committee, but facilitate effective performance and risk management within the Directorates including the setting of individual staff objectives and completion of performance reviews.

D. Determining the interventions necessary to optimize the achievement of the intended outcomes

The Performance, Governance and Audit Committee is provided with a quarterly performance report for delivery of the outcomes. They are invited to challenge and focus delivery of these.

We have revised and adopted a new Risk Management Policy, and will need to do further work to align risk to the delivery of the defined corporate outcomes

The Council has implemented a full council transformation programme referred to as the Future Model over the years 2018/19 and 2019/20 to make savings and raise additional revenue income. The total savings required are £1.89m by 2022/23 when compared to the 2018/19 net budget, of which £1m is being achieved from the salaries cost by reducing the establishment headcount from 219.5 FTE to 181.5 FTE with a new structure. This was in response to the revenue budget gap identified in its Medium-Term Financial Strategy. The Council has also approved a Commercial Strategy that will look to develop an approved list of potential commercial projects to create new or increased revenue streams. The Council is being pro-active and forward looking to ensure its future sustainability and continues to hold robust levels of reserves.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

We have put in place a new process for linking the Corporate Plan objectives, through to delivery right down to the individual staff. The diagram below shows the steps:



To underpin this, we have also developed and delivered:

- Induction training for new members in May 2019
- Training in September 2019 on new Committee structures and Terms of Reference
- Chair and Vice Chair training to support the new committee structure.
- Budget Training for members.
- Internal Audit and Performance training for the new Performance, Governance and Audit Committee.
- Annual Strategic Cycle training for the Leadership team, and a way to track the items due within this each month.
- Project Management Office training for project managers and the senior leadership team, including measuring project performance and outcome delivery.
- Working with elected member and committee processes training for relevant staff.

F. Managing risks and performance through robust internal control and strong public financial management

Maldon District Council has a drive to be more performance-led. This year we have been establishing new performance reporting measures.

A new Risk Management Policy was adopted in November 2019. It addressed actions that were highlighted in a Risk Management internal audit that took place earlier in the year. Additional actions around the roll out and embedding staff awareness of Risk Management have also been taking place to address recommendations.

A Quarterly Corporate Risk register review goes to Performance, Governance and Audit committee.

Risks are a regular item of discussion in the monthly Extended Leadership Team meetings.

One of the most significant risks for the Council is the uncertainty of its future funding. This does not allow the Council to plan its future service delivery with any certainty.

Since the country voted to leave the EU in 2016, the Government has had to redirect its resources to planning for this. As a result of this there have been delays to the implementation of a new Business Rates Retention Scheme (BRRS) for local government and to the implementation of the outcome of the Fair Funding Review. This had a knock-on impact on the Spending Round 2019 announced in September 2019. This was due to be an announcement on the future financial settlement for the next 4 years 2020/21 to 2024/25. However, it was a one-year settlement announced for 2020/21. This was so that a new 4-year settlement could be aligned with the start of the new BRRS and the Fair Funding Review outcome and also the business rates revaluation that was planned for 2021. The delay in a 4-year settlement along with all the uncertainties around what the BRRS and Fair Funding Review outcome would look like has given local authorities no framework within which to

work over the medium term. This in itself has presented a huge financial risk over the medium term.

The Council is in a good position to address this uncertainty due to having had sound financial management and planning in place. It has managed to build up a prudent level of reserves to enable it to manage the medium-term uncertainty. The Council will be responding to all Government consultations to ensure the interests of the Council and our residents are strongly represented.

There is also continued uncertainty over impact on the Council that the departure of the UK from the European Union on 31 January 2020 will have, but the Council will be monitoring all developments during the year to ensure any potential financial impacts on the Council are anticipated.

However, the impact of Brexit has been overshadowed by the global pandemic COVID-19 which was first identified in China in December 2019. This has spread through the world infecting millions and the death toll has been statistically very high. The response of national governments has been to put their countries in lock-down and as at May 2020 the UK, along with countries throughout the world, find itself in unprecedented times. In response the government has provided financial support to businesses and individuals like never before, with the most initiatives occurring in 2020/21. Local government has been working to deliver Central Government policies and legislation e.g. paying out grants to small businesses and businesses in the retail, hospitality and leisure industries as the Government has locked down the country. Local government has needed to deliver what is required to respond to the pandemic and is in an uncertain position with losses in income as income generating services have been closed or heavily impacted e.g. car parking. To date the Government have paid the council a grant of £672k in 2020/21 to fund COVID-19 pressures although there is still a significant gap between this and the actual financial impact on the council being experienced in the 2020/21 financial year.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

All committee meetings are open for the public to attend.

This year we have revised the quarterly performance reporting to align it to the corporate outcomes defined in the Corporate Plan

<https://democracy.maldon.gov.uk/documents/s18857/Appendix%201.pdf>

Members are invited to review the performance information and challenge where they feel delivery of the Corporate Plan outcomes is at risk. The internal process around producing this performance documentation also allows greater visibility for the senior managers around how staff are progressing agreed action plans.

CONCLUSION

The Council is satisfied that appropriate governance arrangements have been maintained in 2019/20. It recognises however that these arrangements are designed only to manage risk down to a reasonable level and cannot provide absolute assurance that the Council will successfully deliver all of its policies, aims and objectives.

We remain committed to maintaining and where possible improving these arrangements, by:

- Addressing issues identified by Internal Audit
- Focussing on key risks and areas for improvement
- Continuing regular, open and transparent engagement with local people.

Deloitte LLP
3 Victoria Square
Victoria Street
St Albans
AL1 3TF

Date: 26 November 2020

Our Ref: CW/AS/2020

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of the Maldon District Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Maldon District Council as of 31 March 2020 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2019/20.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2019/20 which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of *IAS24 "Related party disclosures"*.
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the appendix to this letter.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to liquidate the Council or cease trading as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to

events or conditions that may cast significant doubt upon the Council's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

7. We confirm that all of the disclosures within the Narrative Report and the Annual Governance Statement have been prepared in accordance with the relevant legislation and guidance.
8. The measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently.
9. The assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures.
10. The disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate.
11. There have been no subsequent events that require adjustment to the accounting estimates and disclosures included in the financial statements.
12. The Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets and assets pledged as collateral.
13. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in Note 38 to the financial statements all guarantees that we have given to third parties.
14. We are not aware of any deficiencies in internal control.
15. We confirm that entity only IFRS financial statements have been produced on the grounds of materiality.
16. All minutes of member and management meetings during and since the financial year have been made available to you.
17. With respect to the revaluation of properties in accordance with the Code:
 - a) the measurement processes used are appropriate and have been applied consistently, including related assumptions and models;
 - b) the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;
 - c) the disclosures are complete and appropriate.
 - d) the impact of the covid-19 pandemic has led to the requirement of adjustments to the valuations and disclosures included in the financial statements.

- e) the information supplied for the valuation of the Council's property and investment property assets includes up to date rental and other relevant data to inform the valuation, and there are no circumstances we are aware of that would impact upon the valuation of assets (such as issues with condition) that have not been shared with the valuer;
18. We have reconsidered the remaining useful lives of the fixed assets and confirm that the present rates of depreciation are appropriate to amortise the cost or revalued amount less residual value over the remaining useful lives.
 19. We confirm that there are no material change in property values between the valuation dates and 31 March 2020.
 20. Except as disclosed in Note 10 to the accounts, as at 31 July 2020 there were no significant capital commitments contracted for by the Council.
 21. We confirm that all property assets held by the Council are operational assets and are appropriately classified in the financial statements.
 22. No assets of the Council have been assigned or pledged to secure the liabilities of the Council or any third party.
 23. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of fixed assets or goodwill may not be recoverable.
 24. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities (including the discount rate used) accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.

Information provided

25. We have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and;
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
26. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
27. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
28. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
29. We are not aware of any fraud or suspected fraud that affects the entity or group and involves:
- (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
30. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
31. We have disclosed to you all known instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
32. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
33. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. On the basis of legal advice we have set them out in the attachment with our estimates of their potential effect. No other claims in connection with litigation have been or are expected to be received.
34. We confirm that we consider the short-term deposits held by the Council amounting to £11.0m to be short-term deposits and subject to insignificant changes in value and thus appropriately classified as cash and cash equivalents.
35. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

36. We confirm that:

- (i) we consider that the Council has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
- (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.

Value for money

- 37. We acknowledge our responsibility for ensuring the Council has put in place arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 38. We have disclosed to you all deficiencies of which we are aware in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of Maldon District Council

Appendix 1

Schedule of Uncorrected Misstatements

Description	Assets DR / (CR) £	Liabilities DR / (CR) £	Equity DR / (CR) £	Income Statement DR / (CR) £
OVERSTATEMENT OF COUNCIL OFFICE VALUATION	(230,000)		230,000	
GOODWIN JUDGEMENT IMPACT	(145,600)			145,600

Disclosure deficiencies:

#	Disclosure title	Description of the deficiency and explanation of why not adjusted	Amount (if applicable)
	Cash Flow Statement	We noted minor immaterial differences in the cash flow statement in relation to classification errors between different lines of the statement.	N/A

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