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

18 November 2020

Dear Councillor

You are summoned to attend the meeting of the;

## **PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE**

on **THURSDAY 26 NOVEMBER 2020 at 2.00 pm.**

Please note that this will be a **remote meeting** – Members to access the meeting via Microsoft Teams. Members of the press and public may listen to the live stream via the [Council's YouTube channel](#).

A copy of the agenda is attached.

Yours faithfully



Director of Strategy, Performance and Governance

### COMMITTEE MEMBERSHIP

#### CHAIRMAN

Councillor Mrs J C Stilts

#### VICE-CHAIRMAN

Councillor K W Jarvis

#### COUNCILLORS

Mrs P A Channer, CC  
M S Heard  
M W Helm  
A L Hull  
J V Keyes  
S P Nunn  
N G F Shaughnessy  
W Stamp

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**AGENDA**  
**PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE**  
**THURSDAY 26 NOVEMBER 2020**

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1. **Chairman's Notices**
2. **Apologies for Absence**
3. **Minutes of the last meeting** (Pages 5 - 14)

To consider the minutes of the Committee on 24 September 2020, (cop enclosed).

4. **Disclosure of Interest**

To disclose the existence and nature of any Disclosable Pecuniary Interests, other Pecuniary Interest or Non-Pecuniary Interests relating to items of business on the agenda having regard to paragraphs 6 – 8 of the Code of Conduct for Members.

(Members are reminded that they are also required to disclose any such interest as soon as they become aware should the need arise through the meeting.)

5. **Public Participation**

To receive the views of members of the public, of which prior notification in writing has been received (no later than noon on the Tuesday prior to the day of the meeting).

Should you wish to submit a question please complete the online form at:  
[www.maldon.gov.uk/publicparticipation](http://www.maldon.gov.uk/publicparticipation)

6. **Internal Audit Reports - Progress; Follow-up of Recommendations; Safeguarding and CIPFA Code Preparedness** (Pages 15 - 72)

To consider the report of the Director of Resources, (copy enclosed).

7. **External Audit Report** (Pages 73 - 98)

To consider the report of the Director of Resources, (copy enclosed).

8. **Statement of Accounts - 2019/20** (Pages 99 - 192)

To consider the report of the Director of Resources, (copy enclosed).

9. **Quarter 2 Review of Corporate Performance** (Pages 193 - 218)

To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

10. **Quarterly Review of Corporate Risk** (Pages 219 - 226)

To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

11. **Section 106 Update Report and the first Maldon District Council Infrastructure Funding Statement** (Pages 227 - 234)

To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

12. **Health and Safety Update - Quarter 2** (Pages 235 - 238)

To consider the report of the Director of Service Delivery, (copy enclosed).

13. **Appointment of Representatives on Liaison Committees/Panels** (Pages 239 - 240)

To consider the report of the Director of Strategy, Performance and Governance, (copy enclosed).

14. **Any other items of business that the Chairman of the Committee decides are urgent**

**NOTICES**

**Sound Recording of Meeting**

Please note that the Council will be recording and publishing on the Council's website any part of this meeting held in open session. At the start of the meeting an announcement will be made about the recording.





**MINUTES of  
PERFORMANCE, GOVERNANCE AND AUDIT COMMITTEE  
24 SEPTEMBER 2020**

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**PRESENT**

Chairman	Councillor E L Bamford
Vice-Chairman	Councillor K W Jarvis
Councillors	B S Beale MBE, Mrs P A Channer, CC, M F L Durham, CC, M S Heard, J V Keyes, S P Nunn, Mrs J C Stilts, C Swain and Mrs M E Thompson
In Attendance	Councillors C Morris and A L Hull

**1206. CHAIRMAN'S NOTICES**

The Chairman welcomed everyone to the remote meeting, held under new regulations which came into effect on 4 April 2020 in response to the COVID-19 pandemic. She took Members through some general housekeeping issues, together with the etiquette for the meeting and then asked Officers present to introduce themselves.

This was followed by a roll call of Committee Members present.

**1207. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors N Skeens and W Stamp.

**1208. MINUTES OF THE LAST MEETING**

**RESOLVED** that the Minutes of the meeting of the Committee held on 30 July 2020 be approved and confirmed.

**1209. DISCLOSURE OF INTEREST**

Councillor Mrs P A Channer, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

Councillor M F L Durham, CC, declared a non-pecuniary interest as a Member of Essex County Council in relation to any items on the agenda pertaining to that organisation.

## **1210. PUBLIC PARTICIPATION**

No requests had been received.

## **1211. INTERNAL AUDIT REPORTS - PROGRESS; FOLLOW-UP OF RECOMMENDATIONS; CORPORATE GOVERNANCE; AND FLOODING RISK MANAGEMENT**

The Committee considered the report of the Director of Resources and associated appendices that covered three reports from the Internal Auditors BDO LLP, the *Internal Audit Progress Report; Follow-up of Recommendations Report; Corporate Governance Audit* and *Flooding Risk Management Audit*, all as at September 2020.

The Chairman introduced the report and deferred to the Internal Auditors to present the detail. The Internal Audit Partner then presented the Progress and Follow-up of Recommendations reports.

He drew Members' attention to page 17 of the *Progress* report noting that the two audits due for consideration today concluded the 2019/20 programme of work. Progress on a number of other audits for this current year was currently underway despite a slow start due to COVID-19. The internal auditors were also completing two pieces of advisory work 1) *Fraud Risk Assessment* that still had some actions to follow-up together with training and support and 2) *Accountancy Standards IFRS 16*, accounting for leases where training and support would be provided to Officers. This would not result in an audit but form part of the work programme.

The *Follow-up of Recommendations* report had only one recommendation for completion, the Waste Strategy and once this had been incorporated into the Climate Strategy it would be ready for sign-off. He felt that overall good progress had been made despite the difficulties.

In response to a question regarding the assessment of fraud as high priority and the number of fraud cases since January 2020 the Director of Resources reported that the Department of Works and Pensions (DWP) had taken over fraud related Housing Benefit issues. Other types of fraud relating to supply or payments was low to non-existent. The Internal Audit Partner reminded Members that at the last meeting the recommendation was for an up-to-date Fraud Strategy together with an action plan to address the strategy. This was a regulatory requirement from the Government and incumbent on all authorities to have in place. Given the action plan was not in place at that time the high priority rating was maintained, and all appropriate actions had now been taken.

The Director of Service Delivery in response to a question regarding the delivery of the Community Safety recommendations in October advised that work was on track and would meet the October 2020 implementation deadline.

The Lead Specialist Community in response to a query regarding the timing of the Climate Change and Waste Strategy report to Strategy and Resources Committee advised that a version with a much wider scope was currently being worked on and shared with internal partners. It would be submitted to the Strategy and Resources Committee in December 2020.

The Internal Audit Manager then presented the two audits starting with the *Corporate Governance Audit*. She took Members through the report and advised that they had

undertook a review of arrangements and conducted interviews with key officers and members to determine the operational effectiveness of current structures. The final assessment was moderate in both Design and Operational Effectiveness. She reported that following Transformation committees were restructured, new Terms of Reference (TORs) established and the scheme of delegation updated to take account of the changes to the structure. Gifts and Hospitality Registers were in place and being used.

It was noted that the Council was meeting the requirements of the Local Government transparency code on the Council's website through the 'Your Right to Know' page. A review of the committee structure, as well as a review of the Redmond Review, had resulted in recommendations being made to improve the make-up of the committees in line with best practice. Improvements were noted in methods of performance and governance reporting, dashboards for HR and the development of a balanced scorecard. The Corporate Governance Working Group had acknowledged that whilst the Overview and Scrutiny Committee had not satisfactorily met its brief, it should continue, supported by appropriate training for all Members and that in relation to regular oversight of committees' annual review be embedded in the respective TORs.

A debate ensued where Members raised concerns around the number of Members interviewed as part of the audit process and whether it was representative, the lack of training or discussion around skillset, incorrect reporting structures together with the need for more area specific Working Groups.

In response the Audit Manager reported that she had worked with the Corporate Governance Working Group to meet with Members and that she would circulate the list of those interviewed. She reassured Members that it was not a case of not having the right skills rather that the structures and support mechanisms in place in other like organisations around training, development, refresher courses were not in place in the Council.

The Chairman noted that Overview and Scrutiny had not met regularly due to a lack of business and advised that a number of the issues raised would be addressed following the Statutory Annual Council meeting in November 2020.

The Audit Manager then addressed the *Flooding Risk Management* audit. She reported that she had conducted a review and the assessment outcome was moderate on both Design and Operational Effectiveness. She advised that the former lead for this area had returned on a temporary basis to support training and knowledge transfer. Work on the Strategic Flood Protection Plan had restarted led by the Lead Specialist Community and meetings that had been halted due to COVID-19 had also recommenced. In conclusion she said that the Council did not have roles and responsibilities identified for urban drainage systems and that this would be addressed in the revised Flood Risk Strategy document. All outstanding issues would be reported at the next committee meeting.

In response to questions raised Officers reported as follows:-

- That as of 15 September 2020 the Flooding and Coastal Group had recommenced meetings.
- That given Essex County Council (ECC) was the Lead Local Flood Authority specialist support would be provided by them in respect of flood management and drainage systems. The Internal Auditors were happy with that approach.

- That for efficiency and effectiveness the Lead Specialist Community was liaising with one main contact at ECC namely Dave Chapman, Project Delivery Manager.
- That the updated Flood Risk Masterplan would outline who was responsible in each area but that the Lead Specialist Community would have overall responsibility for performance management.

There being no further questions the Chairman moved the recommendations which were duly seconded by Councillor Nunn. She then put the recommendations to the Committee and they were agreed by assent.

**RESOLVED** that the Committee considered, commented and approved the following:-

- (i) Internal Audit Progress Report - September 2020 at Appendix 1;
- (ii) Follow-up of Recommendation Report – September 2020 at Appendix 2;
- (iii) Corporate Governance Audit – September 2020 at Appendix 3;
- (iv) Flooding Risk Management Audit – March 2020 at Appendix 4.

## **1212. EXTERNAL AUDIT FEES REPORT 2019/20**

The Committee considered the report of the Director of Resources that informed the Committee of the audit fee for Deloitte LLP, the Council's External Auditor for the audit of the 2019/20 financial year.

The chairman introduced the report and deferred to the External Audit Partner to present. He informed the Committee that there was nothing specific to report given that the Director of Resources and Section 151 Officer's input to the report incorporated the content of all discussions held with External Audit.

The Chairman acknowledged this and informed the Committee that both she and Councillor Jarvis, the Vice-Chairman, had discussions with the External Auditor prior to production of the report and negotiated a considerably reduced fee.

In response to a query on benchmarking the Director of Resources and Section 151 Officer advised that benchmarking on fee levels had been undertaken across Essex with like organisations. Similarly, benchmarking with other Audit firms working with those organisations and acting on advice from the Public Sector Audit Appointments Ltd (PSAA) who had the ultimate say on fee levels. The end result was a sample showing similar fee levels across the county, varying slightly for different reasons.

The Chairman moved the recommendation that the report be noted, and this was seconded by Councillor Nunn. She then put the recommendation to the Committee and it was agreed by assent.

**RESOLVED** that the content of this report be noted.

### **1213. EXTERNAL AUDIT UPDATE - 2019/20 AUDIT**

The Committee considered the report of the Director of Resources that provided the Committee with an audit update from Deloitte LLP, the Council's External Auditor, for the audit of the 2019/20 financial year, attached at Appendix 1.

The Chairman introduced the report and deferred to the External Audit Partner to present the content. He took the Committee through the report and drew Members' attention to the key observations.

He advised that the audit was nearing completion and with the exception of asset valuation and pension liability, all outstanding work was related to normal finalisation procedures. The scope of the work remained broadly in line with the audit plan with 2 key impacts 1) the elevated risk around valuation of Property, Plant and Equipment from an area of focus to significant risk and 2) the impact of COVID-19 which was included as a summary in the report. Other key impact areas included the provision of additional narrative and disclosure reports in the accounts.

He provided further clarification around a number of areas included in the report and made particular mention that the Council had made good progress on the Property Valuation recommendations from last year, with 95% complete by 2 July 2020. He reassured members that the clause in the report, included due to volatility in the market, was a common feature of all valuation reports prepared to 31 March 2020 and that valuation of pensions was in the final stages, awaiting information from the actuary.

He concluded by thanking the Director of Resources, the Interim Senior Specialist Finance, James Carter and the Finance Team for their hard work, meeting the challenges of the past year with the added complexity of the pandemic and having to deliver the audit remotely.

The Chairman acknowledged the External Audit Partner's comprehensive report and thanked him for the appreciation shown towards the Council Officers.

The Chairman then moved the recommendation that the report be noted, and this was seconded by Councillor Durham. There being no further questions the Chairman put the recommendation to the Committee and it was agreed by assent.

**RESOLVED** that the content of the report be noted.

### **1214. QUARTERLY REVIEW OF CORPORATE RISK**

The Committee considered the report of the Director of Strategy, Performance and Governance that required the Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks were being managed effectively. Appendix 1 was attached to the report for this purpose.

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to take the Committee through the report.

The Manager advised that the report dealt with Quarter 1 Risk (covering April-June 2020). In summary for changes since Quarter Four (Q4) there were two risks that had

seen a decrease in score: R17- Failure to maximise services through promotion and engagement and R29- Failure to deliver services as a result of COVID- which was added as the pandemic hit, but by June 2020 the Corporate Leadership Team (CLT) had a better view on service impact.

There were two risks recommended for closure, namely, R22- Contract Management as the monitoring steps were now in place and R17 - Promotion and engagement as this was now in place. She then drew Members' attention to paragraph 3.2.2 where three risks had seen an increase in score, R7- 5 year housing land supply, R8- meeting affordable housing need and R10 – Creating jobs to support the growing population. The increases were due to the wider impacts of the current pandemic.

In response to questions raised Officers responded as follows:-

- That R14-Recruitment and Retention reported the same score as in the previous quarter report. This was because it related to a specific skillset, that of planning officers. The Council was experiencing continuing difficulties in recruiting to this area.
- That details of turnover and recruitment (R14) in specialist areas would be provided to the Committee outside of the meeting to determine if the Council was carrying gaps in these areas. Subsequent to the meeting a recruitment update was circulated to all committee members on 29 September 2020.
- In respect of R8- Failure to meet the affordable housing need- that at the time of writing the report the refusal of the strategic site stood as this report covered matters up to the end of June 2020. The site had subsequently been approved in August 2020 and the impact on the risk level would be reflected in the next iteration of the Risk report.
- That in respect of R10 - Officers were focussing on how to maximise promotional opportunities arising from the pandemic which would be reflected in the COVID-19 Economic Response and Recovery Plan.

Councillor Durham informed the Committee that in his county council role he was Chairman of *Visit Essex* and about to embark on a series of activities promoting the Essex Coast and Maldon would feature prominently in that promotion. The Chairman welcomed this opportunity for Maldon.

There being no further questions the Chairman moved the recommendations in the report and they were seconded by Councillor Durham. She then put the recommendations to the Committee and they were agreed by assent.

## **RESOLVED**

- (i) That Members noted the change in scoring in this report, to reflect recent policy updates;
- (ii) That Members reviewed the Corporate Risk Register in Appendix 1 and provided comment and feedback for consideration;

- (iii) That Members were assured through this review that corporate risk was being managed effectively;
- (iv) That Members challenged risk where the Committee felt that the Council's corporate goals may not be achieved.

## 1215. QUARTER ONE REVIEW OF CORPORATE PERFORMANCE

The Committee considered the report of the Director of Strategy, Performance and Governance that, as part of the Corporate Performance framework, required this Committee to undertake a quarterly review of the Thematic Strategies performance, as assurance that performance was being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan 2019 – 2023. In addition, that recommended changes and improvements be reported to the Strategy and Resources Committee in October 2020. Appendix 1 of this report provided an overview of performance as of the end of Quarter 1 (April -June 2020).

The Chairman introduced the report and deferred to the Programmes, Performance and Governance Manager to present the detail.

The Manager reported that the Quarter 1 report covered April-June 2020 and work was largely on track with outcomes being delivered. However, the way the Council had planned to deliver had changed and activity had been diverted in some instances due to the impact of COVID-19.

She drew Members' attention to section 3.3 of the covering report that provided a summary table for each of the three themes that highlighted the number of measures either on track or otherwise. This followed feedback at previous committee meetings to give a high-level view. Section 3.4 specifically drew out the areas at risk by theme, in large part impacted by COVID-19, they were:-

Community - Customer Evaluation Survey for the private sector housing grants; Maldon District Council (MDC) digital service assistance and community weight management sessions.

Place - Volunteering activity facilitated/organised by MDC; Keeping Britain Tidy Green Flag Award for well managed parks and open spaces and the agreed 2019 Maldon District Strategic Flood Projects and Maintenance Plan.

Prosperity – The % of Strategic sites promoted through partners and the occupancy at the Enterprise hub.

Some of the new activity taking place not originally in the Corporate plan included:- *Virtual Fitness* campaigns; *Grow your own vegetables*; direct engagement with those in 'isolation' risk groups for COVID-19– which far surpassed the original target number of people expected to reach; an increase in channel shift as a result of online services; volunteering activity being used for open spaces had been redeployed to the COVID-19 response and conversations with 80 businesses in the high street as part of the COVID response.

In light of this new activity there was an additional recommendation this time round for a review report of the Corporate Plan and targets to go to Strategy and Resources committee to reflect this changed landscape and the impact on outcome measures.

In response to questions raised Officers responded as follows:-

- That the timeline for the report to Strategy and Resources Committee would be December 2020 as opposed to October as reported at the time of writing this Performance report. This revised timeline would allow for the planned in-depth review of the Corporate Plan in October-November 2020 to encompass the full impact of COVID-19 on the Corporate Plan, followed by a Workshop with all Members to review the significant additional impact on the Corporate Plan and targets.
- That Officers would approach Essex County Council (ECC) to determine if there was any data on waste/recycling that aligned with Maldon District Council's timeline for comparison purposes.
- That the Sense of Place Board was a business led independent initiative therefore did not report direct to any Council Committee. The Chairman of Strategy and Resources was a Member, representing the Council on the Sense of Place Board. That should the minutes be available they would be placed in the Document Library on Mod.gov.
- That the Director of Service Delivery would email Members the link to the 2019 Maldon District Strategic Flood Projects and Maintenance Plan. Subsequent to the meeting an update regarding the plan was circulated to all committee members on 29 September 2020.

A brief discussion ensued regarding the wording of the final recommendation and it was agreed by assent to amend recommendation (iii) as shown below.

The Chairman moved the recommendations as set out in the report and they were seconded by Councillor Channer. She put the recommendations to the Committee and they were agreed by assent.

## **RECOMMENDATIONS**

- (i) That Members reviewed the information as set out in this report and appendix 1 with priority focus given to the Strategic Outcome level performance.
- (ii) That Members confirmed they were assured through this review that corporate performance was being managed effectively.
- (iii) That Members endorsed Officers to prepare a report for the Strategy and Resources Committee setting out any recommended changes in light of impacts on outcome performance including Covid-19, in relation to the Corporate Plan.



**1216. ANY OTHER ITEMS OF BUSINESS THAT THE CHAIRMAN OF THE  
COMMITTEE DECIDES ARE URGENT**

There were none

The meeting closed at 2.41 pm.

E L BAMFORD  
CHAIRMAN

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## **REPORT of DIRECTOR OF RESOURCES**

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

### **INTERNAL AUDIT REPORTS – PROGRESS; FOLLOW-UP OF RECOMMENDATIONS; SAFEGUARDING AND CIPFA CODE PREPAREDNESS**

#### **1. PURPOSE OF THE REPORT**

1.1 To present for consideration, comment and approval by the Committee the following reports issued by BDO LLP, the Council's internal audit service provider

- Internal Audit Progress Report - November 2020 at **APPENDIX 1**;
- Follow-up of Recommendations Report – November 2020 at **APPENDIX 2**;
- Safeguarding Audit – November 2020 at **APPENDIX 3**;
- CIPFA Code Preparedness – November 2020 at **APPENDIX 4**.

#### **2. RECOMMENDATIONS**

That the Committee considers, comments and approves the:

- (i) Internal Audit Progress Report - November 2020 at **APPENDIX 1**;
- (ii) Follow-up of Recommendation Report – November 2020 at **APPENDIX 2**;
- (iii) Safeguarding Audit – November 2020 at **APPENDIX 3**;
- (iv) CIPFA Code Preparedness – November 2020 at **APPENDIX 4**.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 BDO LLP are the Council's contracted Internal Audit Service provider. The Partner, Mr. Greg Rubins, fulfils an equivalent role to that of Head of Internal Audit.
- 3.2 The Internal Audit Service is there to provide assurance to the Director of Resources, Management and Members of the adequacy of internal controls and checks in the organisation and to highlight any risks that the Council may be exposed to in its overall and day to day operations.
- 3.3 As such, Internal Audit is independent of Management and operates, performs to and is measured against The UK Public Sector Internal Audit Standards (PSIAS) issued

by the Chartered Institute of Public Finance and Accountancy (CIPFA). In addition CIPFA has also issued a Statement on the Role of the Head of Internal Audit.

- 3.4 The reports attached in the three appendices will be presented to the Committee and discussed by Mr. Greg Rubins or his representative on his behalf.

#### **4. CONCLUSION**

- 4.1 This report together with the reports attached as Appendices allows the Committee to fulfil its remit of overseeing governance.

#### **5. IMPACT ON STRATEGIC THEMES**

- 5.1 Internal Audit cuts across the delivery of all the Strategic Themes of the Council.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – any impact on customers will be highlighted with the reports in the appendices.
- (ii) **Impact on Equalities** – any impact on equalities will be highlighted with the reports in the appendices if it is within the scope of the audit work carried out.
- (iii) **Impact on Risk** – Any risks identified as a result of the findings of the internal audit work are highlighted with the individual reports and summarised in the Progress Update and Follow Up of recommendations reports.
- (iv) **Impact on Resources (financial)** – Same comment applies here as for Impact on Risk above.
- (v) **Impact on Resources (human)** – Same comment applies here as for Impact on Risk above.
- (vi) **Impact on the Environment** – Same comment applies here as for Impact on Risk above.

Background papers: None.

Enquiries to: Chris Leslie, Director of Resources, Maldon District Council  
Greg Rubins (BDO LLP)  
Emma Donnelly (BDO LLP)



# INTERNAL AUDIT PROGRESS REPORT

MALDON DISTRICT COUNCIL

NOVEMBER 2020

IDEAS | PEOPLE | TRUST



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# SUMMARY OF 2020/21 WORK

This report is intended to inform the Performance, Governance & Audit Committee of progress made against the 2019/20 and 2020/21 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

As a result of the impact of Covid-19 there have been some delays to the start of the 20/21 plan. We have been working with officers to minimise these and to agree audits that can be done remotely by our team. We have agreed timings on all remaining audits and our work has recommenced accordingly. The 20/21 Audit Plan will need to be flexible to accommodate new risks resulting from Covid-19; we will agree any proposed changes with the Director of Resources and the Performance, Governance and Audit Committee (PGA).

## 2020/21 Internal Audit Plan

The following audits have been issued in final:

- CIPFA FM Code Preparedness
- Safeguarding

The following audits have been issued in draft:

- Workforce Management

The following audits are in the fieldwork stage:

- We have also completed work on the Fraud Risk Assessment. Counter fraud resources from BDO delivered Fraud Awareness, anti-Bribery and conflicts of interest training sessions to key council staff throughout August. These sessions have also been made available online to Council staff. Further work is also in progress to develop the other aspects of the fraud plan as what needs to be done in relation to the Fraud Risk Assessments across key Council service areas, this will be issued to management in November 2020. We have also prepared one page training documents for the Council intranet.
- IFRS 16- We have also agreed a programme of work with the Council to support its implementation of IFRS16 on lease accounting. There will be no audit report as a result of this work. As part of this work training will be delivered to Council finance team in mid-November.
- Information Management

The following audits are scheduled (confirmed with management):

- Financial systems (Payroll)- fieldwork scheduled January 2021
- Knowledge Management- fieldwork scheduled November 2020



## Other Reports for this Committee

- Follow Up of Internal Audit Recommendations

## REVIEW OF 2020/21 WORK

Audit Area	Planning	Original Fieldwork	Revised date (due to CV19)	Reporting	Design	Opinion Effectiveness
Financial Systems (Payroll)	✓	Q2	Q3	March 2021		
Customer Service- CRM Post Implementation		Q2	Q4	March 2021		
Communications & Stakeholder Management	✓	Q1	Q4	March 2021		
Information Management	✓	Q1	Q3- w/c 16 <sup>th</sup> October	Jan 2021		
Workforce Management	✓	Q2	Q2- w/c 22 <sup>nd</sup> September	November 2021	Substantial (draft)	Substantial (draft)
Safeguarding	✓	Q1	Q2- 24 <sup>th</sup> July 2020	November 2021	Moderate	Moderate
Knowledge Management & Transfer	✓	Q4	Q2- w/c 10 <sup>th</sup> August	Jan 2021		
Management of Property		Q4	Q4	February 2021		
Housing Needs and Affordable Housing		Q4	Q4	March 2021		
CIPFA FM Code Readiness	✓	N/A	Q3	Nov 2020	Substantial	Substantial
IFRS 16 Readiness	✓	N/A	Q3	Jan 2021		



## SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publication and emerging issues relevant to Local Authorities that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, directors and members.

### Councils could need additional £6bn to balance Covid-19 spend

The organisation analysed returns councils submitted to the Ministry of Housing, Communities and Local Government on the financial impact of the pandemic earlier this month. The LGA found that the two emergency tranches of £3.2bn allocated by the government covered costs and income losses so far, but around £2bn more is likely to be needed to cover further costs of responding to the pandemic. An additional £4bn may be needed to deal with the impact of lost income from sources such as council tax, business rates and sales, fees and charges, the LGA said - stressing these figures were based on the assumption that things return to normal in July. "Vital emergency funding from government has helped meet extra cost pressures and lost income in the past three months, James Jamieson, LGA chairman said. "Concerns remain about the ongoing financial pressures ahead. Councils will need further funding and financial flexibilities in the weeks and months ahead to meet ongoing Covid-19 pressures and to keep services running normally. "Certainty around this is desperately-needed so councils can balance their budgets this year and take vital decisions about how to pay for vital local services next year."

<https://www.publicfinance.co.uk/news/2020/05/councils-could-need-additional-ps6bn-balance-covid-19-spend>



### Coronavirus: LGA statement on local government funding crisis

"Extra funding for councils will be helpful but they will need up to four times the funding they have been allocated by government so far." Cllr Richard Watts, Chair of the Local Government Association's Resources Board, said:

"Local government continues to lead local efforts to beat this virus but is being stretched to the maximum. Many councils continue to face spiralling cost and demand pressures at the same time as seeing a huge drop in income. This is unsustainable. "Extra funding for councils will be helpful but they will need up to four times the funding they have been allocated by government so far. We are working with councils to provide the most robust evidence to government on the financial challenges they face. Their latest monthly returns should show the impact of a full month of cost pressures and income reductions and the impact of lower council tax and business rates collection rates.

<https://www.local.gov.uk/coronavirus-lga-statement-local-government-funding-crisis>



### Spelthorne receives 90% of commercial rent despite Covid disruption

The council has gained attention over recent years for its investment strategy, which relies on borrowing significant sums from the Public Works Loan Board to invest in commercial property. In a report on its economic response to the pandemic, the council said of the 10% outstanding rent, all but 3.6% has been addressed through rent deferral plans agreed between the council and the tenants. The council's most high-profile venture was the purchase of a £360m business park in Sunbury-on-Thames in 2016, for which it took out 50 separate PWLB loans. The report said that the council's property portfolio is valued at £1bn, and that the income is critical in funding services and tackling the Covid-19 pandemic.

"As a result of our investments, we have improved the financial resilience of and increased service delivery resources in areas such as homelessness and independent living," the report said. "This has enabled the council to pro-actively and rapidly move in response to COVID-19 to meet the needs of its vulnerable communities without reliance on government funding in advance." The council redeployed staff to almost exclusively focus on maximizing rent receipts in order to ensure rental income was received, spending around 75% of their time in March and April on the task, the report said.

<https://www.publicfinance.co.uk/news/2020/05/spelthorne-receives-90-commercial-rent-despite-covid-disruption>



### Council deploys tech to identify fraud

St Albans City and District Council says it is making "good progress" in tackling fraud, after adopting new technology to identify residents who are potentially abusing council tax discounts for single occupancy. Last year, the council subscribed to a government service that pinpoints properties where suspect claims are being made, and has since begun investigating an "unusually high number" of people claiming the single person's discount of 25% for council tax. It's doing so by matching discount claims with other financial and personal data that public bodies are entitled to hold. During the first three months of this year, 139 people were identified as high risk and were sent letters stating they were in receipt of single-occupancy reduction that they were not entitled to, according to a report given to a council audit committee last week. Further investigations will begin after the coronavirus pandemic passes.

"Already, more than 100 people suspected of incorrectly claiming a council tax discount have been identified along with four council homes where there may be tenancy fraud. We will look to recover any money which the council is owed and free up properties that are in the wrong hands."

<https://www.publicfinance.co.uk/news/2020/05/council-deploys-tech-identify-fraud>



Local government has done pretty well in cyber defence, but the model only works well if you are not the first to be attacked. So, as the internet of things takes off in care and other areas of our communities, it's clear that the current reactive model to cyber defence will be severely tested. There are already some powerful lessons to be learned from other countries. It is now possible to put cyber defence on the front foot; you don't need to have seen the type of attack before to trap it and kill it.



<https://www.lgcplus.com/services/health-and-care/how-councils-can-collaborate-to-harness-the-power-of-social-care-data-05-02-2020/>

### **PWLB Future Lending Terms**

A recent report by the National Audit Office (NAO) highlights how a minority of local authorities have started using low-cost loans from the Public Works Loan Board (a public body that lends to local authorities for capital projects) to buy investment property primarily for rental income.

The case for this 'debt-for-yield' activity can be compelling for the individual local authority. But it introduces risks locally and nationally. At the local level, it exposes ratepayers to the risk that the income does not materialise, leaving the local authority with an inflexible commitment to keep up with the repayments on their loans. Within the wider public sector, it diverts money from core services such as schools, hospitals, and roads. And, because local authorities can often access debt more cheaply than the private sector, it becomes hard for businesses to compete. In the wider economy, it could crowd out public investment, and risks distorting property markets.

The government has launched this consultation to work with local authorities, sector representatives, and wider stakeholders to develop a targeted intervention to stop this activity while protecting the crucial work that local government does on service delivery, housing, and regeneration. The government's overall aim in this is to secure the effective operation of the prudential system for local councils, taxpayers and for all of us that rely on local services.

Alongside the publication of this consultation, the government is cutting the interest rate on new loans for social housing and has offered over £1 billion of discounted lending for high-value local infrastructure projects. The government intends to cut the interest on all new loans from the PWLB, subject to market conditions, following the development and implementation of a robust lending framework co-designed with the sector through this consultation.



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# INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

MALDON DISTRICT COUNCIL

NOVEMBER 2020

IDEAS | PEOPLE | TRUST

**IBDO**

# Summary

2018/19	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
18/19. Fraud Risk Assessment	1	1	-	-	1	1	-	-	-	-	-	-	-	-	-	100%
18/19. Budgets and Performance Management	4	-	1	3	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Main Financial Systems	2	-	1	1	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Safe and Clean Environment	6	-	5	1	5	-	4	-	-	-	-	-	-	-	1	80%
18/19. Transformation Programme	1	-	1	-	1	-	1	-	-	-	-	-	-	-	-	100%
18/19. Local Development Plan	3	-	2	1	2	-	2	-	-	-	-	-	-	-	-	100%
18/19. Building Control	5	2	3	-	5	1	3	-	-	-	-	-	-	-	1	80%
	20	3	13	6	16	2	12	-	-	-	-	-	-	-	1	

2019/20

	Total Recs	H	M	L	To follow up	Complete		In progress		Overdue		No Response		Not Due		% Recommendations Implemented
						H	M	H	M	H	M	H	M	H	M	
19/20. GDPR Compliance	3	-	3	-	3	-	3	-	-	-	-	-	-	-	-	100%
19/20. Risk Maturity Assessment	5	-	5	-	5	-	5	-	-	-	-	-	-	-	-	100%
19/20. Procurement & Contract Management	6	1	3	2	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. IT Disaster Recovery	4	1	3	-	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Key Financial Systems	9	2	7	-	9	2	7	-	-	-	-	-	-	-	-	100%
19/20. Workforce Management	3	-	1	2	1	-	1	-	-	-	-	-	-	-	-	100%
19/20. Network Security	7	1	3	3	4	1	3	-	-	-	-	-	-	-	-	100%
19/20. Community Safety	2	-	2	-	2	-	2	-	-	-	-	-	-	-	-	100%
19/20. Flooding Risk Management	4	-	4	-	4	-	-	-	-	-	-	-	-	-	4	0%
19/20. Corporate Governance	5	-	3	2	3	-	3	-	-	-	-	-	-	-	-	100%
	48	5	34	9	39	5	30	-	-	-	-	-	-	-	4	

# Summary

We regularly follow up progress with the implementation of recommendations raised by Internal Audit and we report to the Performance, Governance & Audit Committee. We request commentary by responsible officers on the progress towards implementation of our recommendations and for high and medium priority recommendations we verify the progress to source evidence and conclude either that the recommendation is complete or incomplete. This information is collected via the Sharepoint portal. This report represents the status of all internal audit recommendations as at 26 August 2020.

## 2018/19 Recommendations

3 high and 13 medium recommendations have been raised in 2018/19. The current position of these recommendations is as follows:

- 14 are considered implemented as previously reported relating to Budgets and Performance Management (1 recommendation), Main financial Systems (1 recommendation), Safe and Clean Environment (4 recommendations), Transformation Programme (1 recommendation), Local Development Plan (2 recommendations) and Building Control (4 recommendations), Fraud Risk Assessment (1 High)
- Safe & Clean Environment- 1 recommendation is now overdue.
- The below recommendations are not yet due for follow up:
  - Building Control- One high recommendation not yet due (31.12.2020).

## 2019/20 Recommendations

- 5 high and 34 medium recommendations have been raised in 2019/20, 30 of which are considered implemented and previously reported to the PGA.
- Five further medium recommendations have been implemented since the last PGA (Community Safety- 2 recommendations, Corporate Governance- 3 recommendations)
- 4 recommendations are not yet due for follow up (Flood Risk Management)



## Recommendations: Completed

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2019/20- Community Safety				
<p>a) RAG should meet on a quarterly basis in line with its ToR</p> <p>b) Appropriate budget monitoring should be established and updated monthly with quarterly reporting undertaken by CSP at RAG, as well as the Overview and Scrutiny Committee on a bi-annual basis, detailing budget vs actual and projected costs</p>	Medium	Spencer Clarke, Community Safety Manager	01.10.2020	<p>It is accepted that the Responsible Authorities Group (strategic) did not meet with the frequency identified within its formal terms of reference for the dates specified within the audit. This was due to a number of factors such as the restructure of Maldon District Council and the Chair of the RAG leaving for another police force. However, it should be noted that the Community Safety Hub was implemented in March 2019 which brought together key strategic and operational partners (Council and Essex Police) into one working space and therefore meet on a daily basis. Community Safety Hub Tasking meets on a monthly basis and reviews both real time crime and the action plan of the community safety partnership. The meeting of the RAG in February 2020 agreed that the next step for the strategic group would be to migrate to a One Maldon District which would broaden the scope of the strategic group to include topics such as health and economy but to still meet its duty as a statutory community safety partnership. The progress on implementing One Maldon District has been hampered by the Covid-19 crisis and is currently awaiting Member decision for approval. In the interim, meetings will be arranged on MS Teams to ensure that the partnership meets on a regular basis in the interim. It is noted that financial transparency is important in terms of partnership. Finance is generally discussed at the start of the financial year when agreeing strategic priorities. The funding provided by the Office of Police, Fire &amp; Crime Commissioner is relatively small in value and for the last three years this funding has</p>

				<p>been used to contribute towards the cost of the Community Safety Development Officer who has delivered community safety interventions using a Maldon District Council events budget. However, it is agreed that a funding paper shall be prepared for future meetings of the RAG and Overview &amp; Scrutiny (sitting as Crime and Disorder Committee) which will include any reserves and spend/progress on the MDC events budgets and any other partnership contributions.</p> <p><u>IA comments:</u></p> <p>Confirmation that the O&amp;S has now approved new action plan (22/10).</p>
<p>a) Layout of the action plan should be updated to ensure the overarching priorities have individual actions with lead owners and timescales for delivery recorded for each</p> <p>b) Include a RAG (Red, Amber, Green) rating against the actions, or against each priority, to provide a clear indication of progress when reported</p> <p>c) Update the RAG rating and comments on a monthly basis</p>	Medium	Spencer Clarke, Community Safety Manager	01.10.2020	<p>At present, an action plan is agreed at the start of the financial year once the strategic priorities have been agreed. This is reviewed on a monthly basis at community safety hub tasking. It is accepted that the recommendations identified in the audit will improve the current action plan and it will enable partners to monitor progress in an improved manner. It should be noted that tasks under each strategic priority may change throughout the year based on demand and types of intervention required, and inevitably situations outside our control, for example the Covid-19 crisis has prevented face to face interventions within school settings and targeted interventions with the elderly community who have been effectively shielding since March 2020. All three recommendations are accepted and will be implemented.</p> <p>O&amp;S has now approved the new action plan (22/10)</p> <p>IA comments:</p>
2019/20- Corporate Governance				

1a. Service level performance should be challenged at PGA on a regular basis	Medium	Cheryl Hughes	a. 31.08.2020 30.09.2020	1a. Balanced Score Card (BSC) now in action with ELT review, and the January reports for performance will include any exceptions from this service delivery level. Mechanism for continual review and reporting of service data is therefore in place as of Mid- October
1b. PGA should have increased level of oversight of Governance matters				1b. An overhaul of the Annual Governance Statement format, should it be approved at PGA committee, will include tracking of governance matters on a quarterly basis. Update: AGS tracking was signed off by PGA committee as a mechanism for this. A recommendation is also going to Council 5/11 that PGA committee members sit on the Corporate Governance Working Group.  <u>IA comments:</u>  a. Management response has been validated and agreed by internal audit. Reviewed new BSC and confirmed this process is now in place.  b. Management response has been validated and agreed by internal audit via review of PGA and Council minutes.
2. The role of Overview and Scrutiny should be reviewed with, either its work programme more appropriately tailored to its role and items referred to it more regularly or disband the committee with its remit subsumed by other standing committees	Medium	Cheryl Hughes	31.10.2020	2. Council reviewed and decided to keep the O&S Committee 15/10- O&s committee agreed a working protocol and workflow to be clear on remit, and also a form for members to submit items for scrutiny.  <u>IA comments:</u>  Management response has been validated and agreed by internal audit via minutes of O&S Committee held on 15/10.
3a. Formalised induction process should be established including involvement from each Director to ensure all aspects of the Council are understood	Medium	Cheryl Hughes	30.09.2020	3a. Members on boarding process has been built to mirror staff and will be launched with all members in November as it also gives quick access to resources etc.  <u>IA comments:</u>  Management response has been validated and agreed by internal audit via minutes of

				the Council on 05/11 where this was tabled..
3b. Discussions should be undertaken with Members to identify training they feel would be advantageous	Medium	Cheryl Hughes	30.09.2020	<p>3b. In training run September 2019, we did encourage members to identify training needs, and Chairs to identify training specific to their committee. We will create a form to complete and advertise this to members to scope a 'continual' development plan.</p> <p>On 05/11 the Annual training plan is going to Members for approval.</p> <p><u>IA comments:</u></p> <p>Management response has been validated and agreed by internal audit via minutes of the Council on 05/11 where this was tabled.</p>
3c. Officer training plan developed based on progression through the Council	Medium	Cheryl Hughes		<p>3c. In March 2020, we ran training for Tier 2 managers on committee processes, and we will look to roll this out to other staff and include in the wider staff induction process. Working with elected Members was added to the Freshservice site for staff in September, and will continue to be part of the induction plan.</p> <p><u>IA comments:</u></p> <p>Management response has been validated and agreed by internal audit</p>

## Recommendations: Overdue

RECOMMENDATION MADE	PRIORITY LEVEL	MANAGER RESPONSIBLE	DUE DATE	CURRENT PROGRESS
2018/19- Safe and Clean Environment				
Create and environmental and waste management strategy.	Medium	Damien Ghela	December 2020	<p>Waste Strategy has been replaced by a Climate change strategy has been taken over by the new lead community officer to finalise draft version. Performance measures of the strategy are being discussed. Once Draft strategy finalised this will be presented to S&amp;R to approve/adopt. This is also being tracked as part of corporate performance reporting. There has been little progress on the strategy as this has been overtaken by management of Covid relation workstreams.</p> <p><u>IA comments:</u></p> <p>We will request a copy of the Climate Change Strategy once approved to ensure this closes off the recommendation appropriately.</p> <p>Whilst there have been some updates made to the draft Climate Strategy, since the adjusted working arrangements there has been no further progress with the Climate Strategy.</p> <p>At the last PGA, the Lead Specialist Community in response to a query regarding the timing of the Climate Change and Waste Strategy report to Strategy and Resources Committee advised that a version with a much wider scope was currently being worked on and shared with internal partners. It would be submitted to the Strategy and Resources Committee in December 2020.</p>

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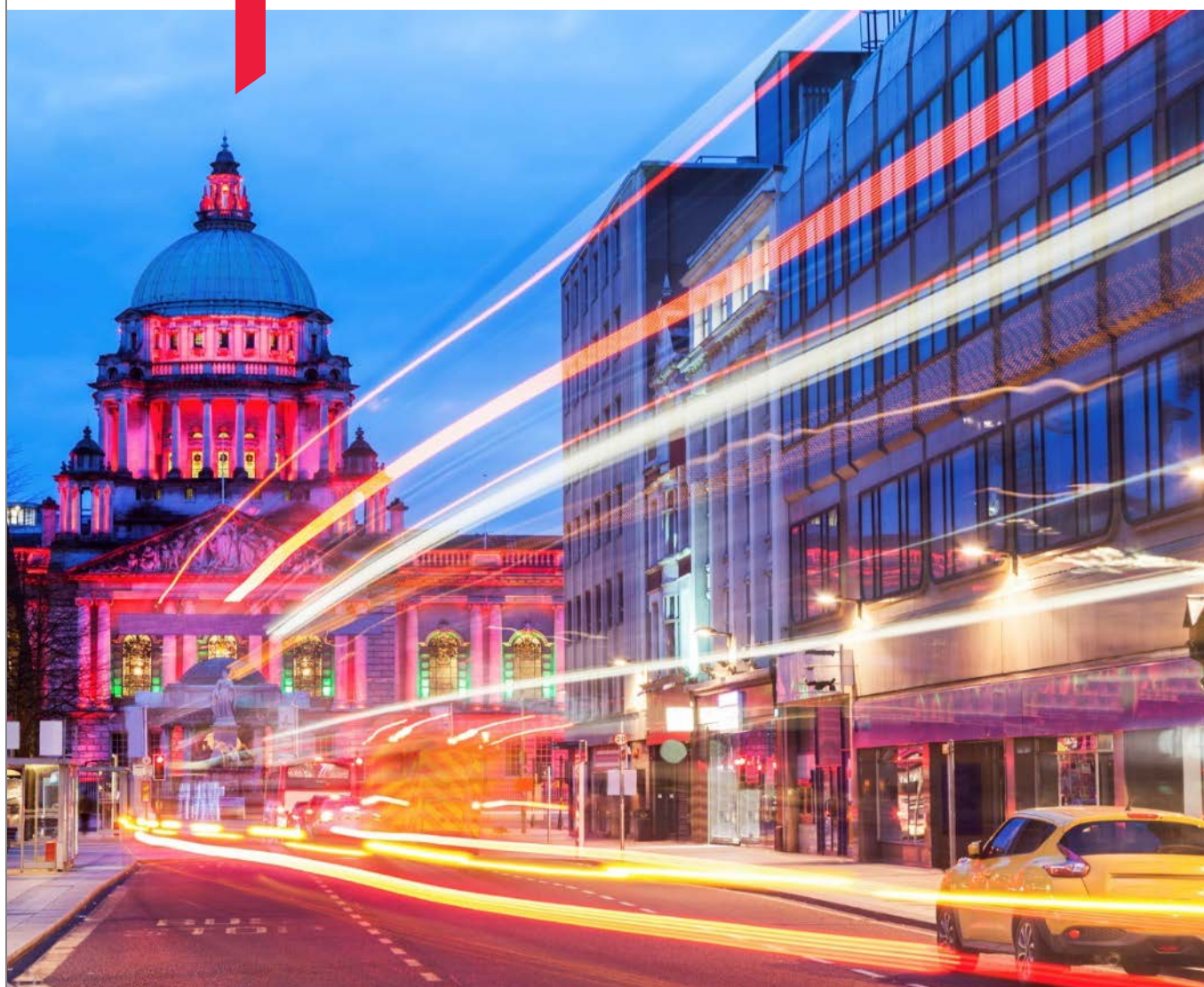
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## MALDON DISTRICT COUNCIL

### FINAL INTERNAL AUDIT REPORT

SAFEGUARDING  
NOVEMBER 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Moderate	Moderate



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#### DISTRIBUTION

Name	Job Title
Richard Holmes	Director of Service Delivery and Head of Paid Service
Damien Ghela	Lead Specialist Community

#### REPORT STATUS LIST

Auditors:	Ravi Gadhia - Internal Audit Semi Senior
Dates work performed:	17 August 2020 - 28 August 2020
Draft report issued:	2 October 2020
Final report issued:	11 November 2020



## EXECUTIVE SUMMARY

## LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of noncompliance with some controls, that may put some of the system objectives at risk.

## SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	1
Medium	3
Low	1

## TOTAL NUMBER OF RECOMMENDATIONS: 5

## BACKGROUND:

Safeguarding is the right for children, young people and vulnerable adults to participate and be safe in the services provided for them regardless of age, race, disability, culture or gender. This includes a right to protection from abuse.

Local Authorities have a duty to ensure that the well-being of children, young people and vulnerable adults is promoted, and they are kept safe.

In Essex Local Authorities follow the Southend, Essex and Thurrock (SET) guidelines which outline the basic safeguarding procedures. Maldon District Council can carry out its responsibilities by ensuring that the needs and interests of children, young people and vulnerable adults are considered by all Councillors, employees, volunteers and contracted services and when taking decisions in relation to service provision. It should also ensure that unsuitable people are prevented from working with children, young people and vulnerable adults through the Council's 'Safe Recruitment Procedure'.

## GOOD PRACTICE:

- We confirmed that Maldon District Council (MDC) has a new safeguarding lead who joined the organisation in January 2020, taking over the role from the previous responsible Officer. This is following a transformation exercise carried out by the Council during October 2019 where the structure of the Council was reviewed.
- The role of the safeguarding lead is also defined in the Council's combined Safeguarding Policy which states that the Safeguarding Lead holds overall responsibility for safeguarding children, young people and vulnerable adults. It is also the responsibility of the safeguarding lead to decide if safeguarding referrals are to be made following discussions with Designated Safeguarding Reporting Officers (DSROs).
- We were also provided with and reviewed the job description and person specification of the Council's safeguarding lead and found that it clearly outlines the responsibilities and expectations of the role.

- We confirmed that MDC has a policy in place titled 'Safeguarding Policy for Children, Young People and Vulnerable Adults'. The policy document is supported by the following: Whistleblowing Policy and Safer Recruitment Procedure. All the policies in question are available on the Council's safeguarding intranet page, in addition to being available in hard copy. The policy follows an annual review cycle.
- The Safeguarding Policy applies to all staff and defines staff as Council employees, elected members, contractors, agency staff, volunteers, suppliers or contractors. The policy requires all staff to follow best practice, participate in relevant training and report any concerns, incidents or allegations.
- The policy categorises staff into four groups, whilst also detailing the training required by each group. All staff fall within "Group 1" and must complete an e-Learning module on Safeguarding Children, Young People and Adults. This eLearning must be completed upon joining the organisation, as part of the induction process. As a minimum, all staff of every level must complete mandatory safeguarding e-learning so they know the basics of safeguarding and have the knowledge of who to report issues to. This information can also be found via the Council's Freshservice platform. We reviewed the monthly completion report for the Safeguarding e-Learning. Of 173 individuals in total within the report, we noted that 16 had not completed the eLearning module, however we were provided with evidence of HR chasing the individuals in question, also escalating the individuals to Tier 2 managers if not completed.
- Group 2 consist of MDC staff who work with children, young people and vulnerable individuals and are required to complete in house training on safeguarding which is completed within 6 months of joining and refreshed every three years. The Safeguarding Lead and Deputy Lead falls under Group 3 and completes specific training related to understanding the role of being the designated safeguarding lead. Finally, the DSRO's fall under Group 4 and are required to complete two training modules relating to understanding their role.
- We were provided with evidence of in-house training titled 'Enhanced Safeguarding Training' which was delivered to Groups 1-4 on 23 June 2020. We reviewed the content of the training and found this to cover: what safeguarding is, relevant legislation and regulations, various case studies, the process to follow when making a disclosure and completion of the CIA form used to report details on safeguarding incidents. Overall, we were satisfied with the content and level of detail.
- We reviewed the policy and confirmed it to include a section detailing four categories of abuse relating to children and ten for adults, as defined within the Children's Act 1989 and Care Act 2014. A breakdown of physical and behavioural indicators were also detailed for various types of abuse such as physical, emotional, financial and self-neglect for example.
- We confirmed that the Council's safeguarding policy also includes an appendix which outlines the procedure when safeguarding allegations are made against MDC staff members or Councillors. We were advised by the Council Safeguarding Lead that since joining post, no allegations have been made against any MDC Councillors.
- We confirmed that the Council has a Safer Recruitment Policy and Procedure which was last updated in April 2020 following a restructure and introduction of new working practices.
- We reviewed the Policy and Procedure and confirmed it includes a section on pre-employment checks. The policy mentions that some checks are specific to posts which have contact with vulnerable groups including children and adults. The Policy and Procedure is also supported by a separate document outlining the roles which require a DBS check, which was updated on 2 June 2020. The list clearly states what roles would involve contact with children, young persons or vulnerable adults.
- We received a report from HR which detailed all new starters from August 2019 to August 2020. We noted a total of 60 new joiners during the 12 month period. Of the 60, we identified 26 roles which potentially required a DBS check. Of the 26

identified roles, we confirmed 10 had a DBS check carried out. One instance was identified where an agency staff worker was employed as a Homelessness Prevention officer by the Council on 13 January 2020 however no DBS check was provided by the agency, although requested by the Council. We were advised by HR that the agency worker in question left the organisation on 17 January 2020, although during that time worked solely at the Council offices.

- For the remaining 15 individuals, HR confirmed that their role did not involve any contact with children, young persons or vulnerable adults. Therefore, a DBS check was not required.

#### KEY FINDINGS:

- We tested a sample of 10 safeguarding cases dated between October 2019 and August 2020. From our testing we found five instances where we were provided with evidence of a detailed and approved CIA form and three instances where a CIA form wasn't required - these related to two enquiries from the police and one from Essex Safeguarding Children Board. However, our testing did identify the following issues:
  - In two instances where the referral was made from the housing department the CIA form was not completed, however another safeguarding form had been completed. We were advised that the Council were aware of this issue and housing have been asked to complete a CIA form, which was evidenced for the third referral from housing which was made in August 2020.
  - Four instances where adequate documentation was not held demonstrating communication with relevant parties in terms of investigative and decision making. Two of the four also included a lack of evidence of communication with Essex Social Care. Please see **Recommendation 1**.
- We confirmed that currently, the Council uses MS Excel to manage its safeguarding cases, with corresponding evidence held within folders held within the safeguarding team's network folder. We noted that the spreadsheet only holds limited information for each case, which we felt to not be detailed enough compared to peers. The Council are planning to transfer all cases into a case management system called Freshserve, which is already being used to manage IT service desk requests. Please see **Recommendation 2**.
- The Council does not hold a record of contractors whose role may involve contact with children, young persons or vulnerable adults. Additionally, the Safeguarding Lead informed us that there is no preferred supplier list, where the providing organisation would provide assurance that all staff have been DBS checked before being added to such a preferred supplier list. As a result, we were unable to perform sample testing in this area. Please see **Recommendation 3**.
- We were provided with a list of volunteering organisations the Council works with. In total, we noted a total of 17 volunteering organisations the Council works with. However, there is no record in place detailing the usage and the names of individual volunteers from the organisations, and whether a DBS reference has been provided by the volunteering agency or the individual themselves. Additionally, we noted no record of whether the volunteers provided by the organisation would be coming into contact with children, young persons or vulnerable adults and thus whether supervision would be required. Please see **Recommendation 4**.
- The Council does not have a formal process in place to review previous cases to facilitate 'lessons learned', however we were informed that such discussions were held on an informal level and thus not documented. Please see **Recommendation 5**.

**CONCLUSION:**

The Council has some good processes in place, including clear roles, responsibilities, policies and procedures. However, the documentation of safeguarding cases could be improved and further steps need to be taken around safeguarding controls over contractors and volunteers. We have therefore concluded a moderate opinion on both design and the operational effectiveness of safeguarding controls.

## DETAILED FINDINGS

## RISK: RECORDING AND REPORTING OF SAFEGUARDING CONCERNS IS NOT ROBUST

Ref	Significance	Finding
1	High	<p>As per the Safeguarding Policy, concerns should be recorded internally via a Concern / Incident/ Allegation (CIA) achieve form to capture as much detail as possible regarding the safeguarding occurrence, which should then be sent by the officer capturing the concern by emailing to the DSRO for action. (see Appendix A for complete reporting structure and process). If the referral progresses to stage 3 of the process, the Safeguarding Lead/Deputy Lead completes and sends off an inter-agency Referral Form (for children and young people) and a SET SAF1 Form (for vulnerable adults) to Essex Social Care Direct within 48 hours of making the referral by phone.</p> <p>We tested a sample of 10 safeguarding cases dated between October 2019 and August 2020. Our sample consisted of;</p> <ul style="list-style-type: none"> <li>- One request for information from Essex Safeguarding Children Board (ESCB)</li> <li>- One request from police Scotland</li> <li>- Two concerns by a member of staff</li> <li>- One request from West Mercia Police</li> <li>- One Social Care Referral</li> <li>- Two referrals through completion of a CIA form</li> <li>- Three referrals from the Housing department</li> </ul> <p>Our testing identified</p> <ul style="list-style-type: none"> <li>- Five instances where we were provided with evidence of a detailed and approved CIA form and three instances where a CIA form wasn't required - these related to the two enquiries from the police and one from ESCB. However, our testing did identify the following issues:</li> <li>- For two instances where the referral was made from the housing department the CIA form was not completed, however a SETSAF1 form was in place. We were advised that the Council were aware of this issue and housing have been asked to complete a CIA form, which was evidenced for the third referral from housing which was made in August 2020.</li> <li>- Four instances where adequate documentation such as case notes and e-mails were not held demonstrating communication with relevant parties in terms of investigation and decision making. Two of the four also included a lack of evidence of communication with Essex Social Care.</li> </ul> <p>The above non-compliance may result in the Council being unable to demonstrate they have sufficiently discharged their duties in relation to safeguarding, particularly in relation to capturing details about the incident and communication with key stakeholders.</p>

## RECOMMENDATION:

The Council should ensure that both a C1A and SETSAF1 form are in place, as opposed to

only having one or the other. Additionally, the Council should keep a clear record of all investigative activity, decision making and communication with relevant parties involved in the safeguarding case e.g. police or Essex Social Care.

#### MANAGEMENT RESPONSE:

The Council has recently undergone a large-scale transformation programme which resulted in large scale reorganisation within teams and the implementation of new working systems.

We will be implementing a new case management system (Freshserve) to handle safeguarding concerns and later migrating historic cases to the system.

All staff will be able to access the C1A and SETSAF1 forms within the internal intranet safeguarding page with upload to the Freshserve system. The referral will then be picked up by safeguarding leads for triage and further work

The Freshserve systems provides the ability to case manage and drill down into data as well as act as secure online backup for records.

Responsible Officer: Damien Ghela

Implementation Date: December 2021

### RISK: LEARNING FROM SAFEGUARDING CASES IS NOT UNDERTAKEN CAUSING REPEATED CONCERNS THAT MAY BE PREVENTABLE

Ref	Significance	Finding
2	Medium	<p>We confirmed that currently, the Council uses MS Excel to manage its safeguarding cases, with corresponding evidence contained within folders held within the safeguarding teams network folder. We noted that the spreadsheet only holds the following information for each case (detailed below), which we felt to not be detailed enough compared to peers. Our review noted that cases within the Council's safeguarding spreadsheet were not assigned a unique reference, and did not contain a comprehensive record of actions taken in a chronological order, as we noted several instances where actions were not dated.</p> <ul style="list-style-type: none"> <li>- Referral type</li> <li>- Date of referral</li> <li>- Initiator of referral</li> <li>- Details of concern</li> <li>- Forwarded to (incl. date)</li> <li>- Further action taken (incl. date)</li> </ul> <p>We noted that a system of labelling cases using a reference number is also not used, which adds complexity when cross referencing case data to corresponding evidence.</p> <p>The Council do recognise this as an issue and are planning to transfer all cases into a case management system called Freshserve, which is already being used at the Council to manage IT service desk requests.</p> <p>Therefore the management of safeguarding cases may be ineffective due to the lack of detail currently held, in addition to reference numbers not being used to uniquely identify each safeguarding case and corresponding evidence.</p>

### RECOMMENDATION:

To ensure the management of safeguarding cases is more robust until the Council starts using the Freshserve system, the Council should update its current safeguarding spreadsheet to include unique references numbers for each case. Additionally, all evidence relating to each case should be held in the safeguarding team's secure network drive, using a system or reference numbers to uniquely identify each case. Finally, staff should be reminded of the importance of documenting and timestamping all actions taken in relation to all safeguarding cases.

### MANAGEMENT RESPONSE:

The safeguarding spreadsheet will be updated to include unique reference numbers

Information pertaining to safeguarding cases will be moved to the Councils secure network along with all associated documents. This information will be shared with safeguarding leads but protected from unnecessary access by being invitation only by default.

The Council will be refreshing advice and training to all front-line staff and safeguarding leads to ensure information and data is properly timestamped.

Responsible Officer: Damien Ghela

Implementation Date: December 2021



### RISK: INADEQUATE CONTRACTOR ARRANGEMENTS TO ENSURE SAFEGUARDING PROCEDURES ARE IN PLACE

Ref	Significance	Finding
3	Medium	<p>We confirmed that the Council does not hold a record of contractors whose role may involve contact with children, young persons or vulnerable adults. Additionally, the Safeguarding Lead informed us that there is no preferred supplier list, where the providing organisation would provide assurance that all staff have been DBS checked before being added to such a preferred supplier list. As a result, we were unable to perform sample testing in this area.</p> <p>If suppliers are not required to provide assurances over safeguarding controls there may be inappropriate contact between contractor staff and vulnerable children and adults.</p>

### RECOMMENDATION:

The Council should compile a list of contractors which it uses regularly, who may come into contact with children, young persons or vulnerable adults. Once this list has been compiled, the Council should contact the providing organisations to gain assurance that the necessary pre employment checks have been carried out and whether a DBS check needs to be carried out prior to performing work for the Council.

### MANAGEMENT RESPONSE:

The Council is currently refreshing its list of approved contractors and liaising with partners to ensure that proper safeguarding and pre-employment checks are in place

The contractor Information will be held at a corporate level to be accessible should the need arise

Responsible Officer: Damien Ghela/Alastair Morrell

Implementation Date: Q1 2022

**RISK: INSUFFICIENT ARRANGEMENTS TO VET, MONITOR AND SUPERVISE STAFF/VOLUNTEERS**

Ref	Significance	Finding
4	Medium	<p>We were provided with a list of volunteering organisations the Council works with. In total, we noted a total of 17 volunteering organisations the Council works with. However, there is no record in place detailing the usage and the names of individual volunteers from the organisations, and whether a DBS reference has been provided by the volunteering agency or the individual themselves. Additionally, we noted no record of whether the volunteers provided by the organisation would be coming into contact with children, young persons or vulnerable adults and thus whether supervision would be required.</p> <p>Without a definitive list of former and current volunteers, whether the nature of their work involves contact with vulnerable persons and if so whether evidence of a DBS check has been provided by the volunteering organisation or carried out by the Council, there may be a failure to mitigate safeguarding risks.</p>

**RECOMMENDATION:**

The Council should update its record of volunteering organisations to clarify: whether volunteers would be coming into contact with children, young persons or vulnerable adults, who the onus of performing a DBS check rests with, whether volunteers have had a DBS check and whether supervision is required.

**MANAGEMENT RESPONSE:**

The Council will be strengthening its checks for volunteer organisations to ensure that proper safeguarding and pre-employment checks are in place

Agreements in relation to volunteering partners will be held at a corporate level to be accessible should the need arise

Responsible Officer: Damien Ghela/Alastair Morrell

Implementation Date: December 2021

### RISK: LEARNING FROM SAFEGUARDING CASES IS NOT UNDERTAKEN CAUSING REPEATED CONCERNS THAT MAY BE PREVENTABLE

Ref	Significance	Finding
5	Low	<p>Through discussions held with the Safeguarding lead, and review of a report produced by the lead for the audit in August 2020, it was confirmed that currently, the Council does not have a formal process in place to review previous cases to facilitate 'lessons learned', however we were informed that such discussions were held on an informal level and thus not documented. The Council recognises this as an issue and has introduced the Maldon Safeguarding Forum which is to be held on a bi-monthly basis, with the first formal meeting being held in September 2020.</p> <p>Without being appropriately documented, there is no process in place to facilitate improvement of the Council's safeguarding processes through lessons learnt.</p>

### RECOMMENDATION:

Whilst the Council has plans to introduce the bi-monthly Maldon Safeguarding Forum from September 2020, it should ensure that as part of each meeting, completed safeguarding cases are discussed in terms of (i) what went well, (ii) examples of best practice (iii) what would be done differently for a similar case.

### MANAGEMENT RESPONSE:

The bi-monthly MSF is in place and running. The meeting brings together the internal safeguarding leads to discuss cases and concerns.

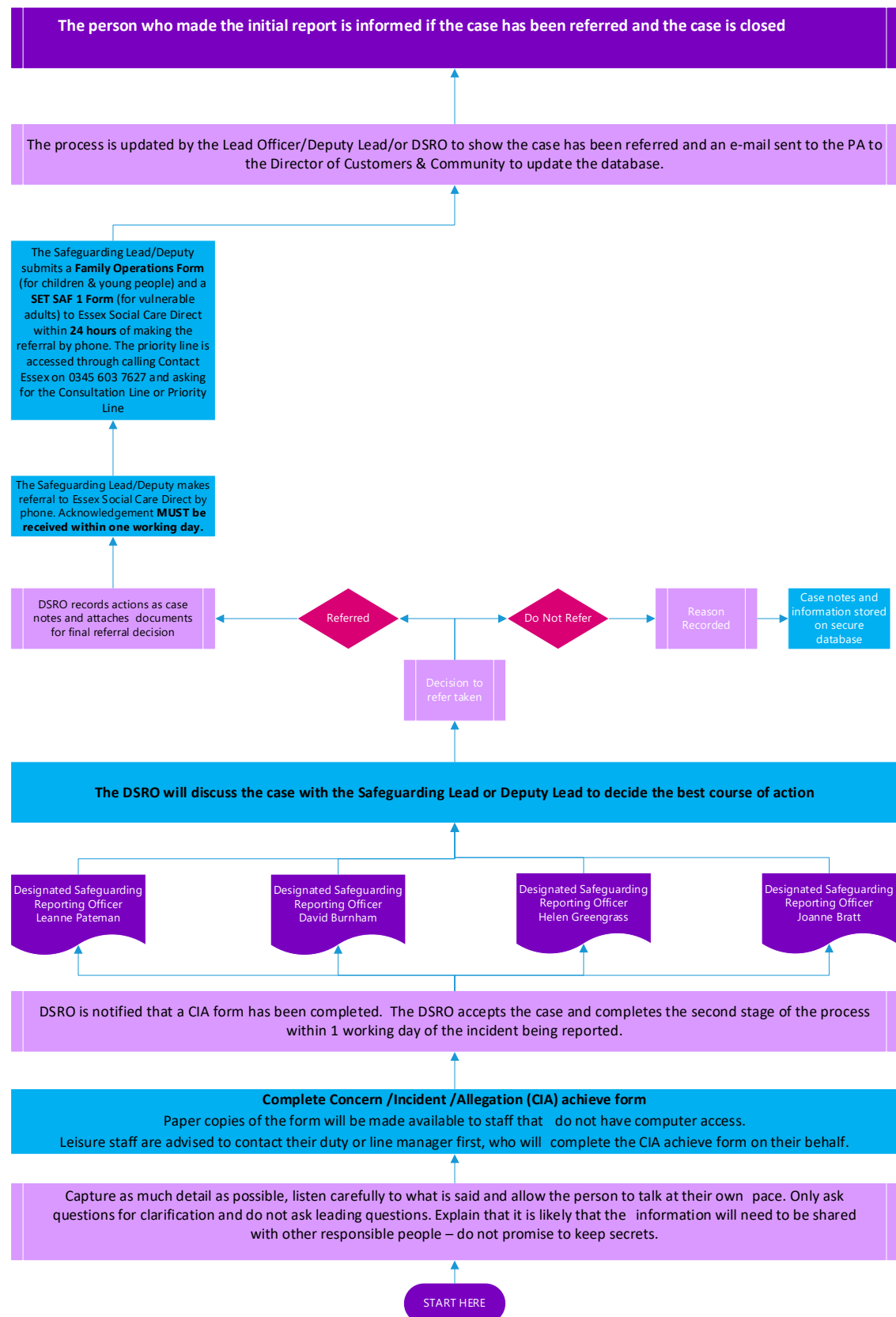
The meeting will continue to evolve to support the case management of referrals within District and encourage partnership engagement

A review of the forum will take place in Q3 2021

Responsible Officer: Damien Ghela

Implementation Date: Q3 2021

Reporting structure when a child, young person or vulnerable adult is NOT thought to be in immediate (Extract Appendix from Maldon District Council Combined Safeguarding Policy)



## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Damien Ghela	Lead Specialist Community
Leanne Pateman	Casework Co-Ordinator
Rhiannon Saffell	Resources Caseworker
Claire Hanrahan	Community Safety Officer
Spencer Clarke	Community Safety Partnership Manager

APPENDIX II - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX III - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

Review of the Council's policies and arrangements to ensure the safeguarding of children and vulnerable adults.

### KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risk associated with the area under review are:

- Inadequate responsibility defined and ineffective oversight of safeguarding governance arrangements
- Inadequate safeguarding policies and/or procedures which are not followed
- Recording and reporting of safeguarding concerns is not robust
- Insufficient arrangements to vet, monitor and supervise staff/volunteers
- Staff are not trained to understand and deliver safeguarding standards
- Inadequate contractor arrangements to ensure safeguarding procedures are in place
- Insufficient oversight arrangements to ensure that higher risk areas have adequate processes in place

## SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Confirmation that the Council has a clearly identified lead for safeguarding with responsibility for arrangements
- Confirmation that there is a clear accountability framework which enables all staff to understand their role in safeguarding
- Determine if the Council takes an active part in partnership meetings and sub groups
- Confirm if safeguarding issues are routinely discussed at relevant internal meetings
- Determine if approved policies are in place disseminated effectively, easily accessible and understood on how to recognise and respond to possible abuse or neglect
- Determine if there are clear written procedures for dealing with situations where allegations of abuse are made against someone working within the organisation
- Confirm if allegations are escalated and referred in line with procedures
- Confirm if there are processes for recording incidents, concerns and allegations.
- Determine if safe recruitment practices are in place to ensure the proper selection of staff who will have regular contact with children
- Determine if the organisation has a register of all volunteers including a clear record of all those who require DBS checks
- Determine if supervision arrangements are in place for all volunteers working with children and young people and mandatory training in place for all staff/volunteers working with children and vulnerable adults
- Confirm whether safeguarding is integrated into all contractual processes with clear expectations and reporting requirements to prevent abuse and neglect
- Confirm the arrangements which set out clearly the processes for sharing information with other professionals to protect children and vulnerable adults from harm
- Confirm that records are stored securely and safely and there are clear processes in place to ensure that records are retained as required.
- Confirm that a framework is in place to ensure high risk activities are identified, and that there are sufficient oversight arrangements to ensure that higher risk areas have adequate processes in place
- Confirm that there are clear processes for taking part in review of cases; including gathering evidence, completing action plans and embedding any learning.

However, Internal Audit will bring to the attention of management any points relating to other areas that come to their attention during the course of the audit. We assume for the purposes of estimating the number of days of audit work that there is one control environment, and that we will be providing assurance over controls in this environment. If this is not the case, our estimate of audit days may not be accurate.

## APPROACH:

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.



## FOR MORE INFORMATION:

**Greg Rubins**

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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# MALDON DISTRICT COUNCIL

## INTERNAL AUDIT REPORT

CIPFA CODE PREPAREDNESS  
NOVEMBER 2020

LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Substantial	Substantial

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#### DISTRIBUTION

Name	Job Title
Lance Porteous	Lead Finance Specialist
Annette Cardy	Resources Specialist Services Manager

#### REPORT STATUS LIST

Auditors:	Alex Russell Elena Tapis
Dates work performed:	17 August - 9 October 2020
Draft report issued:	23 October 2020
Final report issued:	11 November 2020

## EXECUTIVE SUMMARY

## LEVEL OF ASSURANCE: (SEE APPENDIX I FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Substantial	The controls that are in place are being consistently applied.

## SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX I)

High	0
Medium	0
Low	1

## TOTAL NUMBER OF RECOMMENDATIONS: 1

## CRR/BAF REFERENCE:

N/A

## BACKGROUND:

The Chartered Institute of Public Finance and Accountancy (CIPFA) published The Financial Management Code (FM Code) in October 2019. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively.

The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management, which is an essential part of ensuring that public sector finances are sustainable.

The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The FM Code builds on elements of other CIPFA codes, such as The Prudential Code for Capital Finance, the Treasury Management in the Public Sector Code of Practice and the Code of Practice on Local Authority Accounting in the United Kingdom.

By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements. The first full year of compliance will be 2021-22. This recognises that organisations will require time to reflect on the

contents of the FM Code and allows them to use 2020-21 financial year to demonstrate how they are working towards compliance.

We reviewed the Council's compliance with the CIPFA Code and noted progress against each requirement in appendix I. Some elements of the Code are subjective and performance against them may vary over time. Our focus was to ensure the Council is putting the right arrangements in place to achieve them but there will be a need to review these on a regular basis.

#### GOOD PRACTICE:

The following areas of good practice were noted during our review:

- The Council publishes an Annual Governance Statement which sets out the risks facing the Council in regards to long term planning
- The Leadership Team understands their roles and responsibilities and these are also clearly defined.
- The Council publishes its annual accounts with an up to date CIPFA template and disclosure checklist which is signed off by the Section 151 Officer (Director of Resources).
- The Council demonstrates sound understanding of the main long-term financial risks that the Council faces and has appropriately factored this into its Medium Term Financial Strategy.

#### KEY FINDINGS:

During our review the following areas for improvement were identified:

- Five of the individual service plans which were provided did not clearly state how they relate back to the themes as set out in the Council's Corporate Plan (Finding 1 - Low).

#### CONCLUSION:

Overall the Council is in a good position with regards to its preparedness for the CIPFA code. The Leadership Team clearly understand their roles and responsibilities and there is a good sense of financial awareness. Moreover the long-term risks that the Council faces with regards to planning for the medium and long term are appropriately detailed, and action has been taken to mitigate these risks. In addition, there is a Medium Term Financial Strategy which guides overall planning for the Council and is linked to the Council's Corporate Plan through its themes of Place, Community and Prosperity. However, we noted the individual service plans have not been developed to ensure they clearly show how they relate to the themes as set out in the Corporate Plan or demonstrate how they are aligned to them. This leads us to conclude substantial assurance over both the design and the operational effectiveness of controls with a low risk finding to strengthen the link between service plans and strategies to the Council's Corporate themes.

#### DETAILED FINDINGS

**RISK: THE COUNCIL CANNOT DEMONSTRATE COMPLIANCE WITH THE CIPFA FINANCIAL MANAGEMENT CODE**

Ref	Significance	Finding
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1	<div>Low</div>	<p><u>CIPFA Code Standard – Sustainability – 1; The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans</u></p> <p>As part of the Medium Term Financial Strategy and Corporate plan, there are seven further individual strategies which help to underpin the objectives of the Strategy. These include;</p> <ul style="list-style-type: none"> <li>• Information Technology Strategy</li> <li>• Workforce Development Strategy</li> <li>• Procurement Strategy</li> <li>• Risk Management Strategy</li> <li>• Treasury Management Strategy</li> <li>• Investment Strategy</li> <li>• Capital Strategy</li> </ul> <p>The Medium Term Financial Strategy states that these set out the detail of how the Council seeks to achieve its objectives and the relevant milestones that will measure progress under the thematic strategies of Place; Community; Prosperity.</p> <p>We reviewed five of the seven individual strategies to check whether they stated how they aligned with the objectives set out in the Corporate Plan. We found that these did not always clearly demonstrate how they achieve the objectives which the Council wishes to pursue, or how they relate back to the themes as set out in the Corporate plan. We would expect that the procurement strategy, for example, would state that it meets the Council's objective of 'Prosperity' by giving additional marks to local suppliers to meet any objectives around supporting the local economy – or maybe having marks for diversity/sustainability which links to the corporate theme of 'Place'.</p> <p>Without appropriately aligned strategies, there is a risk that the Council are not meeting the requirements of the code. Furthermore if they are not appropriately aligned to the Medium Term Financial Strategy, progress against the thematic strategies cannot be accurately reported to senior management.</p>
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**RECOMMENDATION:**

The Council should review these seven strategies and ensure that they can be related back to the main themes as set out in the Corporate Plan. This should also include how the strategies achieve each theme as appropriate, in addition to including milestones regarding how the Council will measure progress under the thematic strategies of Place; Community; Prosperity.

**MANAGEMENT RESPONSE:**

The Corporate Plan is due to be reviewed for 2021.22. Upon the completion of the new plan and as strategies come up for renewal these will be amended and include how each assists in meeting the Corporate Plan objectives.

Responsible Officer: Annette Cardy

Implementation Date:

Complete for 20.21. Following the introduction of the new Corporate Plan for 2021.22 strategies will be updated to align with this as they reach review dates.

## STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Lance Porteous	Lead Finance Specialist
Annette Cardy	Resources Specialist Services Manager
Chris Leslie	Director of Resources
James Carter	Finance Consultant
Debbie White	Lead Specialist, Procurement
Sam Mott	FCIPD Senior Specialist
Eloise Howard	Specialist, Performance

## APPENDIX I - BREAKDOWN OF CIPFA CODE

FM Standard Reference	Standard	Summary
<b>LEADERSHIP</b>		
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.	The Council demonstrates value for money through its Procurement Policy and the use of a business case template.
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .	The responsibility of the Section 151 Officer sits with the Director of Resources. The roles and responsibilities of the Section 151 Officer are clearly detailed within the various Council policies and the Statement of Accounts.
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	The Council monitors elements of its balance sheet which pose a significant risk and this is detailed within its annual reviews of the Medium Term Financial Strategy.
<b>ACCOUNTABILITY</b>		
D	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).	The Council has an annual governance statement published 30/07/2020.  As part of the statement, the Council includes a commitment to the CIPFA/SOLACE Delivering Good Governance in Local Government framework (2016). This highlights the 7 key framework areas by which the Council has conducted its activities.
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .	Draft 19/20 Statement of Accounts shows the responsibilities of the CFO as follows; '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 Authority Accounting in the United Kingdom (the Code)'.
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	The Financial Outturn 2019-20 document provides the Council with the outturn position for the year ended 31 March 2020. Variances between the budget and actual spending are included within the outturn report, including a breakdown of the differences for different areas of spending.

		Variations on the budget figures are monitored and tracked through a budget monitoring report. Any variations from the budget are noted and explained in a 'comments' column. Since the outbreak of Covid-19 this has also included a section where variances are tracked by non-Covid-19 and Covid-19 variances.
<b>TRANSPARENCY</b>		
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	<p>The Council engages with both budget holders and residents in order to develop its financial strategy. Budget holders are consulted to look at their budgets annually and look ahead. This is then affirmed by the directors and goes to the resources committee.</p> <p>Residents are consulted via surveys in order to capture their views. The most recent survey was conducted in December 2019 and covered general views about the District, health and wellbeing and climate change to detailed questions about Council services and facilities.</p>
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions.	<p>The Council has a Project Brief template which outlines the requirements for a project.</p> <p>This covers aspects such as project definition, approach, team structure, stakeholder engagement, business case, project product description, and schedule.</p> <p>Projects are also required to follow a governance framework from planning through to delivery and realisation. Smaller projects also have a simple route highlighted in the framework.</p>
<b>STANDARDS</b>		
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	<p>The Council has a Capital Strategy in place which gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.</p> <p>This strategy also covers the sustainability of the revenue budget implications of expenditure incurred. Projects will only be progressed where they prove to generate savings or an</p>

		income stream to the Authority, and a business case is available to assess the risks and mitigations of projects.
J	The authority complies with its statutory obligations in respect of the budget setting process	<p>The Medium Term Financial Strategy serves to guide overall planning to the setting of the budget. This covers a 4 year period and contains savings plans within for future years. Managers are asked to review their budgets and to look for potential pressures or areas of growth. This has to have received sign offs from the strategy and resource committee before it goes to the council.</p> <p>The Chief Finance Officer of the Council has the responsibility to publish a budget estimates report and a statement on robustness of budgets and adequacy of reserves to the Strategy and Resources committee.</p> <p>Tier 2 management own the individual budgets on management level and also input with the budget holders to review budgets.</p>
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	<p>The Chief Finance Officer publishes a statement on the adequacy of reserves in respect of the forthcoming financial year.</p> <p>It is the responsibility of the Director of Resources to advise the Strategy and Resources Committee on prudent levels of reserves for the Council.</p> <p>The General fund reserve is set at £2.6 million and this is included within the Statement of Accounts. At the time of the draft statement of accounts, the Council do not see themselves dipping below this threshold in the short term, although uncertainty in the ongoing environment has been noted.</p>
ASSURANCE		
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	<p>The Council has a 3 director model which consists of the following; Director of Service Delivery Director of Resources Director of Strategy, Performance &amp; Governance</p> <p>The roles and responsibilities of the three directors are clearly defined in the scheme of delegation and the individual role descriptions.</p>

F	The authority has carried out a credible and transparent financial resilience assessment.	<p>Independent Investment Benchmarking management reports are produced by Arlingclose. These are conducted to determine how the Council is sitting financially. The investments made by the council are compared with similar sized organisations and allow the Council to make financial decisions.</p> <p>Treasury management strategy statements are also conducted by the Council at least once during the year. The most recent edition went to Council in January 2020 with the next edition due in November 2020.</p> <p>These reports are conducted within the framework of the CIPFA code which requires the Council to approve a treasury management strategy before the start of each financial year.</p>
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .	<p>The Council's Medium Term Financial Strategy runs for 5 years. The Strategy sets out the longer term context in which the decisions are made (Covid-19, Brexit and Business Rates Retention).</p> <p>There are seven individual service plans and strategies which are highlighted within the Medium Term Financial Strategy. These include;</p> <ul style="list-style-type: none"> <li>• Information Technology Strategy</li> <li>• Workforce Development Strategy</li> <li>• Procurement Strategy</li> <li>• Risk Management Strategy</li> <li>• Treasury Management Strategy</li> <li>• Investment Strategy</li> <li>• Capital Strategy</li> </ul> <p>It was also noted that the Commissioning and Procurement Strategy in place at the council is currently in draft form (refer to finding 2).</p>
<b>SUSTAINABILITY</b>		
E	The financial management style of the authority supports financial sustainability.	The Council meets the obligation of delivering accountability by ensuring that they achieve value for money. This is underpinned within the Corporate Plan's focus on its strategic themes and a primary focus on



		<p>Performance and Value with the aim of providing:</p> <ul style="list-style-type: none"> <li>• Excellent services and value for money; and</li> <li>• Becoming a financially independent and sustainable Council in the future.</li> </ul> <p>The Council meets the obligation of supporting performance by ensuring that they make the most effective use of the assets that they have. The Council's policy on treasury investments is to maximise investment return where satisfactory results of due diligence are found and risk mitigated. Moreover the Council seeks to maximise its sources of revenue collection e.g. fees and charges and debt income.</p> <p>The Council meets the obligation of enabling transformation by ensuring that money which the Council has is spent appropriately. The Council has both a procurement toolkit and basics for a procurement exercise which any procurement must adhere to. Any procurement has to provide the Council with value for money through a set of criteria as follows;</p> <ul style="list-style-type: none"> <li>• 'Lowest price' where payment is to be made by the authority;</li> <li>• 'Highest price' if payment is to be received; or</li> <li>• 'Most economically advantageous', where considerations other than price also apply.</li> </ul> <p>Moreover, any new projects must define a set of requirements that they must follow. This includes a business case to justify the project. Business cases are submitted to the Extended Leadership Team (ELT) for approval where they can also request additional governance if needed. Projects are also required to submit monthly updates to the ELT.</p>
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.	The Council currently has a 5 year strategy in place for its Medium Term Financial Strategy which runs from Financial Years 2019/20 - 2023/24. As part of this, the Council reports on financial sustainability at least once

		<p>per year, the most recent update went to Council in July 2020. Within the Medium Term Financial Strategy, the Council includes detail on how the updated strategy was formulated in the context of the global pandemic and an uncertain economic climate.</p> <p>While this is not necessarily a long term vision i.e. beyond 5 years as set out in the Strategy, the Medium Term Financial Strategy does appropriately set out the risks facing the Council and factors in any challenges which it faces e.g. the Covid-19 pandemic, Brexit etc.</p>
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	<p>Although the Medium Term Financial Strategy notes that individual service plans contain methods by which they can be tracked, this is not reflected within the service plans i.e. they do not show how they achieve its objectives and the relevant milestones that measure progress under the thematic strategies of Place; Community; Prosperity (refer to finding 1).</p>

APPENDIX II - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

## APPENDIX III - TERMS OF REFERENCE

### PURPOSE OF REVIEW:

The purpose of this review is provide assurance that the Council has processes in place to be compliant with the FM Code in a timely manner.

### KEY RISKS:

The Council cannot demonstrate compliance with the CIPFA Financial Management Code

### SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- Confirm that the Council is compliant with, and can demonstrate effectively their compliance with the code (summary of standards outlined in the table below)
- If not compliant in any areas at the time of audit, have an action plan in place to address the remaining elements of the Code in the financial year 2020/21
- Confirm, where not fully compliant, that the Council can demonstrate a rigorous approach to the assessment and mitigation of risk so that financial management expertise is deployed effectively given the circumstances faced by the Council.

FM Standard Reference	Standard
<b>LEADERSHIP</b>	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money.
B	The authority complies with the CIPFA <i>Statement on the Role of the Chief Finance Officer in Local Government</i> .
O	The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.
<b>ACCOUNTABILITY</b>	
D	The authority applies the CIPFA/SOLACE <i>Delivering Good Governance in Local Government: Framework</i> (2016).
P	The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the <i>Code of Practice on Local Authority Accounting in the United Kingdom</i> .
Q	The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.
<b>TRANSPARENCY</b>	
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.
M	The authority uses an appropriate documented options appraisal methodology to demonstrate the value for money of its decisions.
<b>STANDARDS</b>	
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .
J	The authority complies with its statutory obligations in respect of the budget setting process
K	The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.
<b>ASSURANCE</b>	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
F	The authority has carried out a credible and transparent financial resilience assessment.
H	The authority complies with the CIPFA <i>Prudential Code for Capital Finance in Local Authorities</i> .
<b>SUSTAINABILITY</b>	
E	The financial management style of the authority supports financial sustainability.
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.
I	The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

**APPROACH:**

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

We will seek to gain evidence of the satisfactory operation of the controls to verify the effectiveness of the control through use of a range of tools and techniques.

**BAF/CRR REFERENCE:**

N/A

**EXCLUSIONS**

The scope of the review is limited to the areas documented under the scope and approach. All other areas are considered outside of the scope of this review.

Some elements of the Code are subjective and performance against them may vary over time. Our focus will be to ensure the Council is putting the right arrangements place to achieve them but there will be a need to review these on a regular basis.

## FOR MORE INFORMATION:

**Greg Rubins**

Greg.Rubins@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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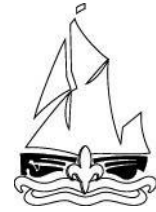
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## **REPORT of DIRECTOR OF RESOURCES**

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

## **REPORT OF THE EXTERNAL AUDITOR ON THE AUDIT FOR THE YEAR ENDED 31 MARCH 2020**

### **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to provide the Council's External Auditor with the opportunity to report the key findings of their audit to those charged with governance, prior to issuing their opinion on the 2019/20 Statement of Accounts. The Final Report for the year ended 31 March 2020 (2019/20) is attached at **APPENDIX 1**

### **2. RECOMMENDATION**

- (i) That the report of the external audit at **APPENDIX 1** is noted.

### **3. SUMMARY OF KEY ISSUES**

- 3.1 Deloitte LLP, the Council's External Auditor, has completed the substantive work on the audit of the Council's 2019/20 Statement of Accounts. Detailed findings of the audit and recommended actions are provided in **APPENDIX 1** to those charged with Governance.
- 3.2 The terms of reference of the Performance, Governance and Audit Committee include a requirement to review the external auditor's opinion on the Statement of Accounts of the Council. The opinion on the accounts has not been issued due to the ongoing work to complete the audit.

### **4. CONCLUSION**

- 4.1 Detailed conclusions drawn from the audit work can be found in the report (**APPENDIX 1**).

### **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.

Enquiries to: Chris Leslie, Director of Resources  
email [chris.leslie@maldon.gov.uk](mailto:chris.leslie@maldon.gov.uk)



## Maldon District Council

### **Draft** Report to the Performance, Governance and Audit Committee on the audit for the year ended 31 March 2020

Draft issued on 09 September 2020 for the meeting on 24 September 2020

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## The key messages in this report

I have pleasure in presenting our report to the Performance, Governance and Audit Committee of Maldon District Council (the Council) for the 2019/20 audit. The scope of our audit was set out within our planning report presented to the committee in 30<sup>th</sup> July 2020.

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

### Status of the audit

Our audit is at an advanced stage at the date of issue of this report with the following key matters still outstanding:

- evaluation of information from Pension Fund auditors;
- full review of final, updated financial statements;
- receipt and evaluation of the impact assessment in relation to adjusting, post balance sheet events in relation to national rulings regarding local government pensions schemes (namely McCloud and Goodwin – see page 12 for detail);
- receipt of the desktop valuation report;
- completion of internal quality assurance procedures;
- receipt of signed management representation letter; and
- our review of events since 31 March 2020 through to signing.

We will provide an oral update on these matters including an update regarding the status of the audit at the meeting.

We have included a section in this report providing observations arising from the work we have so far carried out on the areas of significant risk and other areas of audit focus reported to you in our audit planning report. We have increased our risk on property valuations from higher risk to significant risk due to errors identified in the current year and the previous year.

### Conclusions from our testing

- We have not identified any significant uncorrected audit adjustments or disclosure deficiencies. The version of the accounts presented to this committee has been amended for our proposed changes. As our audit work is ongoing, further misstatements may be identified through the completion of our remaining work. We will provide an oral update regarding any such matters in the meeting.
- We have summarised any audit adjustments on page 20.
- We have considered the impact of the Covid-19 pandemic on our work – we include details on pages 6 to 9. We did not identify any new financial statement or value for money significant risks as a result of the impact of the pandemic
- We identified findings or internal control deficiencies which have been included on page 16-17.
- As detailed in our work on the valuations set out on page 10, management's expert – DVS – included a material uncertainty clause in their valuation report. This is common to 31 March 2020 valuations in the sector. This wording is reflected in the financial statements and we draw attention to it in our draft auditor's report. Note that this is not a qualification of our opinion.
- Based on the current status of our audit work, we envisage issuing an unmodified audit opinion, with no reference to any matters in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources, or the Annual Governance Statement.

## The key messages in this report (continued)

### Financial Sustainability and Value for Money

- In the CIES, following agreed adjustments, the Council reported an accounting surplus of £1.8m for the year (2018/19: £2.2m) which included net gains of £0.07m in respect of property revaluation (2018/19: net gain of £0.5m) and gains due to remeasurement of the pension liability of £2.3m (2018/19: £3.4m). At the provision of service line the Council showed a net deficit of £0.6m (2018/19: net deficit £1.7m). At year end the Council had usable reserves of £11.9m (31 March 2019: £10.5m ) and unusable reserves of £13.7m (31 March 2019: £11.4m).
- Cash and cash equivalents held by the Council increased to £12.1m from £7.9m as at 31 March 2019.
- We did not identify any significant risk related to Value for Money and we do not anticipate reporting any matters within our audit report in respect of the Council's arrangements for securing the economy, efficiency and effectiveness of the use of resources.

### Narrative Report & Annual Governance Statement

- We have reviewed the Council's Annual Report & Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.
- At the date of this report, we have no significant matters to raise with you in respect of the Narrative Report which has been updated for our proposed adjustments to ensure appropriately detail in relation to Covid-19 has been included. We also have no significant matters in respect of the Annual Governance Statement. We have received an updated version back from the Council that we are checking complies with all the relevant requirements. We will update you in the meeting if any changes arise from this.

### Duties as public auditor

- We did not receive any formal queries or objections from local electors this year.
- We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.

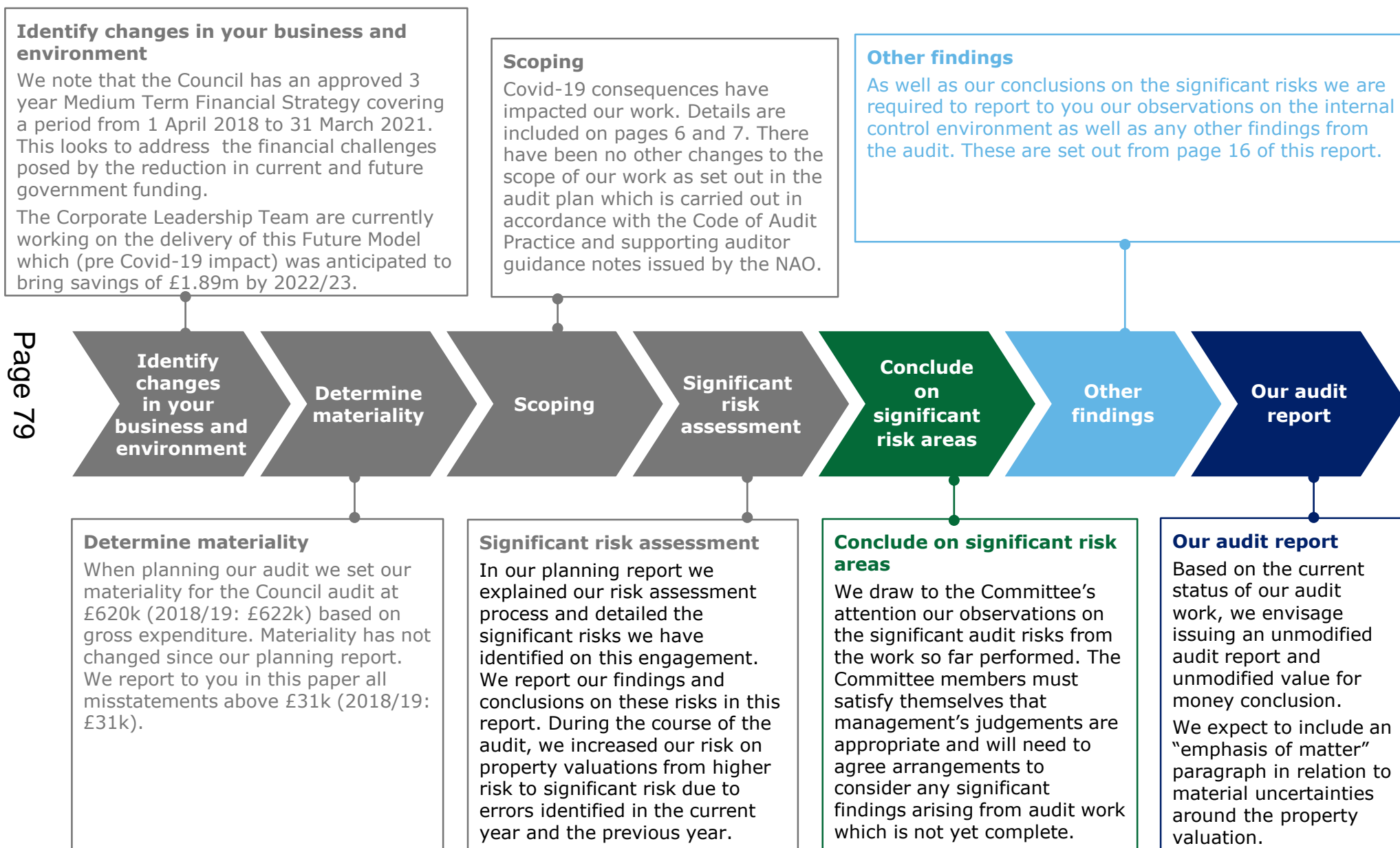
### Whole of Government Accounts

- The Council continues to be below the threshold for WGA reporting.



# Our audit explained

## We tailor our audit to your organisation



### COVID-19 pandemic and its impact on our audit.

#### Requirements

CIPFA has issued guidance highlighting the importance of considering the impact of COVID-19 in preparation of the 2019/20 financial statements, including communicating risks and governance impacts in narrative reporting. This is consistent with the Financial Reporting Council's guidance to organisations on the importance of communicating the impact of COVID-19 and related uncertainties, including their impact on resilience and going concern assessments.

Entity-specific explanations of the current and expected effects of COVID-19 and the Council's plans to mitigate those effects should be included in the narrative reporting (including where relevant the Annual Governance Statement), including in the discussion on Principal Risks and Uncertainties impacting an organisation.

As well as the effects upon reserves, financial performance and financial position, examples of areas highlighted by CIPFA include the impact on service provision, changes to the workforce and how they are deployed, impacts upon the supply chain, cash flow management, and plans for recovery. Risks highlighted include those relating to subsidiaries and investments, capital programmes, and resilience of the community including partner organisations and charities.

#### Actions

A thorough assessment of the current and potential future effects of the COVID-19 pandemic is required including:

- A detailed analysis across the council's operations, including on its income streams, supply chains and cost base, and the consequent impacts on financial position and reserves;
- The economic scenario or scenarios assumed in making forecasts and on the sensitivities arising should other potential scenarios materialise (including different funding scenarios);
- Any material uncertainties relating to the council's financial position, the financial sustainability of the Council, and the potential requirement for a section 114 notice; and
- The effect of events after the reporting date, including the nature of non-adjusting events and an estimate of their financial effect, where possible

Impact on the Council	Impact on annual report and financial statements	Impact on our audit
<p>We have considered the key impacts on the business such as:</p> <ul style="list-style-type: none"> <li>• Interruptions to service provision.</li> <li>• Supply chain disruptions.</li> <li>• Unavailability of personnel.</li> <li>• Reductions in income.</li> <li>• The closure of facilities and premises.</li> </ul>	<p>We have considered the impact of the outbreak on the annual report and financial statements, discussed further on the next slide including:</p> <ul style="list-style-type: none"> <li>• Principal risk disclosures</li> <li>• Impact on property, plant and equipment</li> <li>• Valuation of commercial or investment properties</li> <li>• Impact on pension fund investment measurement and impairment</li> <li>• Financial sustainability assessment</li> <li>• Events after the reporting period and relevant disclosures</li> <li>• Bad debts provision policy</li> <li>• Narrative reporting</li> <li>• Impairment of non-current assets</li> <li>• Allowance for expected credit losses</li> </ul>	<p>We have considered the impact on the audit including:</p> <ul style="list-style-type: none"> <li>• Resource planning</li> <li>• Timetable of the audit</li> <li>• Impact on our risk assessment</li> <li>• Logistics including meetings with entity personnel.</li> </ul>

### Potential Impact on annual report and financial statements

### Audit response

#### Impact on property, plant and equipment

The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This has impacted the Council and has required specific disclosure in the financial statements.

The Council has considered its approach to the measurement of property, plant and equipment (PPE). Where property held at current value is based on market valuations the Council considered with their valuers the impact that COVID-19 has had on current value. The Council also considered whether there are any indications of impairment of assets requiring adjustment at 31 March 2020.

The material uncertainty is disclosed in the Statement of Accounts and leads to an Emphasis of Matter in our audit opinion.

#### Valuation of commercial or investment properties

Following the COVID-19 pandemic, the fair value measurements for financial instruments and investment properties held by the Council needed to be reviewed against the conditions and assumptions at the measurement date. This presents some difficulties because of the volatility of the market at the measurement date and the potential for there to be a lack of reliable observable inputs. This required additional consideration in our work on year-end valuations.

The material uncertainty noted above also includes Investment Properties.

#### Impact on pension fund investment measurement

As a result of the COVID-19 pandemic pension fund investments have been subject to volatility.

We engaged early with the Pension Fund auditor to not only gather information for year-end measurements but to also understand any estimation techniques and any changes to those techniques that may be needed to measure the financial instruments. Where such volatility exists it may mean that the inputs used in the fair value measurement may change and may require a change of measurement technique, and consideration of the level of uncertainty in valuations where there is significantly more estimation.

At the date of this report, we have had the response from the Pension Fund auditor and we are currently evaluating the work to conclude on this matter.

#### Expected credit losses

The Council has considered the provision for credit losses for receivables, including for expected credit losses for assets accounted for under IFRS 9.

No issues in relation to this have arisen from our audit work.

	Potential Impact on annual report and financial statements	Audit response
Covid related income received pre year end	<ul style="list-style-type: none"> <li>There was one main receipt of income related to Covid-19 that were received pre 31 March 2020 <ul style="list-style-type: none"> <li><b>Covid-19 LA Support grant.</b> This was the first tranche of £1.6bn passed out to Councils by MCHLG on March 27 2020. The Council received £0.7m. This grant was unringfenced and without conditions and therefore should be recognised in income with any unspent amounts carried in reserves.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We note that after discussion and reference to guidance these have been treated correctly in the updated statement of accounts.</li> <li>The remaining Covid related income receipts received after the year end will be considered as part of the 2020/21 audit.</li> </ul>
Narrative and other reporting issues	<p>The following areas need to be considered by councils as having being impacted on by the COVID-19 pandemic.</p> <ul style="list-style-type: none"> <li>Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability.</li> <li>Reporting judgements and estimation uncertainty, the Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities</li> </ul>	<p>We note that the narrative report adequately discloses matters related to Covid-19, including risks, potential impacts and other issues. The report is compliant with the guidance in this area.</p> <p>We have received a further updated version back from the Council that we are checking complies with all the relevant requirements. We will update you in the meeting if any changes arise from this.</p>

# Significant risks

## Management override of controls

### Risk identified

In accordance with ISA 240 (UK) management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.

### Deloitte response

We have considered the overall sensitivity of judgements made in preparation of the financial statements, and note that:

- The Council's results throughout the year did project both positive and negative divergences from budgets in operational areas. This was closely monitored and whilst some areas projected overspends, the underlying reasons were understood.
- Senior management's remuneration is not tied to particular financial results.

We have considered these factors and other potential sensitivities in evaluating the judgements made in the preparation of the financial statements.

### Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

### Journals

We have performed design and implementation testing of the controls in place for journal approval.

We have used Spotlight data analytics to risk assess journals and select items for detailed follow up testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest.

We have tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting. No issues were noted.

### Accounting estimates

We have performed design and implementation testing of the controls over key accounting estimates and judgements.

The key judgements in the financial statements are those selected as significant audit risks and other areas of audit interest: valuation of the Council's estate and the valuation of the pension liability, as discussed elsewhere in this report.

We reviewed accounting estimates for biases that could result in material misstatements due to fraud. We note that overall the areas more subject to estimation in the period were balanced and did not indicate a bias to achieve a particular result.

We tested accounting estimates and judgements, focusing on the areas of greatest judgement and value. Our procedures included comparing amounts recorded or inputs to estimates to relevant supporting information from third party sources.

### Deloitte view

We have not identified any significant bias in the key judgements made by management based on work performed.

We have not identified any instances of management override of controls in relation to the specific transactions tested based on work performed.

We noted that not all individual journals have evidence of review, and have raised a control recommendation on page 16

## Valuation of property assets

### Risk identified

The Council is required to hold property assets within Property, Plant and Equipment ("PPE") and Investment Properties at valuation. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value. In our planning paper this risk was not classified as a significant risk, however as detailed below, during the course of our work we identified material errors in the valuation. As this is the second year in a row that we have identified material errors in the valuation we elevated this to a significant risk.

### Key judgements and our challenge of them

The Council held £30.7m of property assets at 31 March 2020, an increase of £1.4m, relating to a revaluation gain. The Council also held £2.8m of investment properties at year end with a revaluation gain of £0.1m.

The Council's material assets are reviewed annually as at 31 December, these are the Council offices and 2 leisure centres.

For the remainder of the operational assets, the financial year to 31 March 2020 represented year three of a five year rolling programme in which 20% of the portfolio was revalued. The land and buildings have been revalued on a 5 year rolling basis, at 20% (by number, not value) as at the 31 December 2019.

The Council's valuer had advised there had been no material change in value between the 31 December 2019 and 31 March 2020 and a letter of assurance was issued on 5<sup>th</sup> June 2020.

The investment properties are all revalued annually as at 31 December.

### Deloitte response

- We tested the design and implementation of key controls in place around the property valuation.
- We obtained an understanding of approach adopted to the valuation, including assessing the valuer's qualifications, objectivity and independence and reviewing the methodology used.
- We tested a sample of inputs to the valuation.
- We used our valuation specialists, Deloitte Real Estate, to review and challenge the appropriateness of the assumptions used in the valuation of the Council's property assets including considering the assumptions made of movements between the valuation being performed at earlier stages in the year and the year-end.
- We tested a sample of revalued assets and re-performed the calculation of the movement to be recorded in the financial statements to check correctly recorded.
- We considered the impact of uncertainties relating to Covid-19 and the UK's exit from the EU upon property valuations in evaluating the property valuations and related disclosures.
- Given, we have identified errors in the valuation in the last 2 years, we have challenged management on assets not valued in previous 2 years and a desktop valuation is currently being performed on a sample of those assets by the valuer.

### Deloitte view

During the course of our testing we noted the following:

- We identified a componentisation error on the Council Offices valuation amounting to an overstatement of £1.4m which has subsequently been corrected by management. This error has not been identified by the DVS quality control procedures.
- There were inconsistencies identified between the input data used in the valuation and that held by the Council. This indicated an issue with the quality of data held by the Council.

We have made recommendations in relation to these findings on page 16.

Our work on assets not valued in previous 2 years is still in progress.

# Significant risks (continued)

## Valuation of property assets – Material Uncertainty due to Covid-19

### Material Uncertainty due to Covid 19

The Council's valuer has included disclosures in relation to Covid 19 in their report including the extracts below:

*In relation to the recent outbreak of the Novel Coronavirus (COVID-19) and the fact that the 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 valuations than would normally be the case.*

This is a common feature of valuation reports prepared to 31 March 2020

### Impact on Audit Opinion

An "emphasis of matter" is required to be included in our audit opinion to draw attention to management's disclosure:

*"We draw attention to note 4, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Council's property portfolio. 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. Our opinion is not modified in respect of this matter."*

### Impact on Statement of Accounts

The Council is required to disclose the existence of this material uncertainty in the Statement of Accounts. This can be seen in Note 4 to the accounts, an extract of which is included below:

*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.*



# Other matters

## Defined benefits pension scheme

### Background

The Council participates in the Essex Pension Fund Local Government Pension Scheme, administered by Essex County Council.

The net pension liability has decreased from £25.5m at 31 March 2019 to £24.9m at 31 March 2020 primarily as a result of movements in asset values and some changes in discount rate and inflation assumptions. This total includes the impact of the McCloud adjustments.

The Council's pension liability continues to be affected by the McCloud legal case in respect of potential discrimination in the implementation of transitional protections following changes in public sector pension schemes in 2015. The 31 March 2020 position as currently calculated includes an element of the impact of McCloud however there continues to be a discussion with the scheme actuary on a potential further amendment to this figure. We are awaiting a response from the scheme actuary and we will assess this using our pension specialist team.

In the current year there was an additional legal case - the Goodwin judgement - that has an impact on the scheme. The judgement is in respect of a Teacher's Pension case where there was deemed to be discrimination in spousal transfer on death of the member (where a male widower was deemed to be discriminated against through receiving a different level of benefits than a female widow). We have received a response from the scheme actuary and are currently assessing this using our pension specialist team.

### Deloitte response

We obtained a copy of the actuarial report produced by Barnett Waddingham, the scheme actuary, and agreed in the disclosures to notes in the accounts.

- We assessed the independence and expertise of the actuary supporting the basis of reliance upon their work.
- We reviewed and challenged the assumptions made by the actuary, including benchmarking as shown in the table opposite.

- We obtained assurance from the auditor of the pension fund over the controls for providing accurate membership data to the actuary.
- We assessed the reasonableness of the Council's share of the total assets of the scheme with the Pension Fund financial statements for the year.
- We have challenged the calculation of the impact of the McCloud case on pension liabilities.
- We reviewed the disclosures within the accounts against the Code.

	Council	Benchmark	Comments
Discount rate (% p.a.)	2.35%	2.15% - 2.60%	Reasonable
Consumer Price Index (CPI) Inflation rate (% p.a.)	1.90%	1.70%	Reasonable, slightly prudent
Salary increase (% p.a.) (over CPI inflation)	2.90%	Council specific	Reasonable
Pension increase in payment (% p.a.)	1.90%	1.70%	Reasonable
Pension increase in deferment (% p.a.)	1.90%	1.70%	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 65)	21.80	21.80	Reasonable
Mortality - Life expectancy of a male pensioner from age 65 (currently aged 45)	23.20	23.20	Reasonable

### Deloitte view

Our work is continuing in relation to pension liabilities and assets and we are therefore not yet able to conclude in this area. We will provide an update to the Performance, Governance and Audit Committee meeting.

# Conclusion on arrangements to secure economy, efficiency and effectiveness from the Council's use of resources

## Background

Under the National Audit Office's Code of Audit Practice, we are required to report whether, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Code and supporting Auditor Guidance Notes require us to perform a risk assessment to identify any risks that have the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. We are required to carry out further work where we identify a significant risk - if we do not identify any significant risks, there is no requirement to carry out further work. We note that the NAO guidance indicates a low likelihood that Covid-19 forms a risk area impacting the assessment of arrangements for 2019/20. Rather this will form part of the risk assessment and evaluation for 2020/21. The response to Covid-19 is described as an "emerging risk" in this guidance (rather than a significant risk) unless clear evidence comes to the auditor's attention of a significant failure in arrangements as a result of Covid-19 during the 2019/20 financial year.

## Our risk assessment

We set out the risk assessment procedures we had performed and our further planned procedures in our audit planning report including discussion with relevant officers and review of Council documentation including internal audit reports. We did not identify any further significant risks from our remaining risk assessment procedures.

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### Deloitte view

Based on the current status of our audit work, we envisage issuing an unqualified "value for money conclusion".

The expected form of our conclusion is as follows:

*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.*

# Our audit report

## Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



### Our opinion on the financial statements

We anticipate that our opinion on the financial statements will be unmodified.



### Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



### Emphasis of matter and other matter paragraphs

We include details on the other matter paragraph in relation to property valuations on page 10 of this report.

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



### Our value for money conclusion

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

We anticipate that our conclusion on the Council's arrangements will be unmodified.



### Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performed and to ensure that they are fair, balanced and reasonable.

We anticipate that our conclusion in this area will be satisfactory.

# Your annual report

We are required to report by exception on any issues identified in respect of the Annual Governance Statement. We are still in the process of reviewing the final draft of the statement of accounts.

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Council):</p> <ul style="list-style-type: none"> <li>- Organisational overview and external environment;</li> <li>- Governance;</li> <li>- Operational Model;</li> <li>- Risks and opportunities;</li> <li>- Strategy and resource allocation;</li> <li>- Performance;</li> <li>- Outlook; and</li> <li>- Basis of preparation</li> <li>- Future sustainability and risks to this posed by Covid-19.</li> </ul>	<p>We have assessed whether the Narrative Report has been prepared in accordance with CIPFA guidance.</p> <p>We have also read the Narrative Report for consistency with the annual accounts and our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We note that the Narrative Report was updated for the implications of COVID-19.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We have assessed whether the information given in the Annual Governance Statement meets the disclosure requirements set out in CIPFA/SOLACE guidance, is misleading, or is inconsistent with other information from our audit. No issues were noted from our review.</p>

# Other significant findings

## Internal control and risk management

During the course of our audit we have identified a number of internal control and risk management findings, which we have included below for information.

Area	Observation	Priority
Review of property valuations	<p>We identified a componentisation error on the Council Offices valuation amounting to an overstatement of £1.4m which has subsequently been corrected by management. This error has not been identified by the DVS quality control procedures.</p> <p>We recommend management revisit the engagement letter and related instructions issued to the valuer to ensure that there is clarity on the expected process and reporting.</p>	High Priority
Review of property valuation inputs	<p>We identified inconsistencies between the input data used in the valuation and that held by the Council.</p> <p>We recommend that data supplied to the valuer for use in the valuation is checked back to source data held by the council before being issued.</p>	Medium Priority
Approval of journals	<p>The Sage finance system does not enforce approval of journals by a second member of staff and not all journals are individually approved.</p> <p>We note that most journals are not approved but there are mitigating controls implemented by management such as control account reconciliations and budget v/s actual variance analysis which help mitigate this risk.</p> <p>We recommend that all journals should be subject to review and approval even if this is on a batched basis.</p>	Medium Priority
Fully Depreciated Assets	<p>We have identified around £6.5m of fixed assets at year end which are fully depreciated and which are still recorded in the general ledger at cost and accumulated depreciation. It is not clear whether all these assets are still in use by the Council.</p> <p>We recommend the Council:</p> <ul style="list-style-type: none"> <li>• Completes a review of asset lives.</li> <li>• Annually ensures that the information on asset lives given in the accounts is consistent with the lives actually assigned within the fixed asset register.</li> <li>• That fully depreciated assets be assessed and written off if necessary to ensure an accurate reflection in the general ledger</li> </ul>	Medium Priority

The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

Low Priority


Medium Priority

High Priority

# Other significant findings

## Internal control and risk management

During the course of our audit we have identified a number of IT control findings, which we have included below for information.

Area	Observation	Priority
User Access Reviews	Failure to review the appropriateness of access rights may mean that privileges are no longer valid or are beyond a user's current need. If unnecessary access privileges are not removed, there is a risk of unauthorised access to systems and data. It was noted that there are no formal user access reviews performed.	
	In addition, where a review to identify whether user accounts for employees that have left the council has not been performed, there is a risk that unremoved leavers accounts may be compromised by current employees.	
	We recommend management consider establishing formal periodic reviews of all user accounts. This should include the following checks: <ul style="list-style-type: none"><li>- No user IDs exist for members of staff who have left the council;</li><li>- User permissions should be appropriate for staff job functions; and</li><li>- Those user IDs that have not been used for a significant period (for example 30 days) should be investigated and deleted or disabled, where appropriate.</li></ul>	
	Business managers should be involved in this review to ensure that they are aware of the level of access assigned to an employee in the application. The review and any resulting actions should be documented, approved and retained.	

# Purpose of our report and responsibility statement

## Our report is designed to help you meet your governance duties

### What we report

Our report is designed to help the Performance, Governance and Audit Committee and the Council discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations.
- Other insights we have identified from our audit.

### What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

### The scope of our work

Our observations are developed in the context of our audit of the financial statements. We described the scope of our work in our audit plan and again in this report.

This report has been prepared for the Performance, Governance and Audit Committee and Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

We welcome the opportunity to discuss our report with you and receive your feedback.

for and on behalf of Deloitte LLP  
09 September 2020



# Appendices

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# Audit adjustments

## Corrected misstatements

All the misstatements identified up to the date of this report have been corrected by officers.

## Disclosures

### **Disclosure misstatements**

No further uncorrected disclosure misstatements have been identified since our earlier report to this committee. Disclosure misstatements identified in that report have been corrected.

# Fraud responsibilities and representations

## Responsibilities explained



### Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



### Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you have disclosed to us all information in relation to fraud or suspected fraud that you are aware of and that affects the Council and its group.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



### Audit work performed:

In our planning we identified capitalisation of expenditure and management override of controls as key audit risks for your organisation.

During course of our audit, we have had discussions with management and those charged with governance including the Head of Internal Audit.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements. We have reviewed the paper prepared by management for the on the process for identifying, evaluating and managing the system of internal financial control.

### Concerns:

No significant concerns have been identified from our work

# Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm that we comply with APB Ethical Standards for Auditors and that, in our professional judgement, we and, where applicable, all Deloitte network firms are independent and our objectivity is not compromised.
Fees	<p>The audit fee for 2019/20, in line with the scale fee provided PSAA, is £37.9k as broken down below. We are in discussions with the Council on increases to the scale fee as a result of additional work due to Covid-19 and other matters.</p> <p>No other non-audit fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between APB Ethical Standards for Auditors and the Council's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	<p>We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.</p> <p>We are not aware of any relationships which are required to be disclosed.</p>

	Proposed £ (exc VAT) 2019/20	Actual £ (exc VAT) 2018/19
Code audit fee	37,942	37,942
<b>Total audit</b>	<b>37,942</b>	<b>37,942</b>
<i>Additional costs due to change of scope due to COVID and Asset Valuation errors resolution *</i>	16,820	-
<i>Additional costs in 2018/19</i>	-	37,000
<b>Total fees</b>	<b>54,762</b>	<b>74,942</b>

- \* Please note that the additional fee is subject to approval by PSAA

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## **REPORT of DIRECTOR OF RESOURCES**

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

### **STATEMENT OF ACCOUNTS 2019/20**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To report to the Committee the latest position on the external audit of the statement of accounts and present the draft Statement of Accounts for 2019/20, which includes the Annual Governance Statement, (subject to audit) at **APPENDIX 1** that are the subject of ongoing external audit work.

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. RECOMMENDATION**

- (i) That delegated authority is given to the Director of Resources in consultation with the Chairman and Vice-Chairman of Performance, Governance and Audit Committee for the final approval of the Statement of Accounts for 2019/20, including the Annual Governance Statement, and letter of representation.

#### **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 30 November 2020 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". The 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 At the time of writing this report, audit work is ongoing and it is hoped that approval can be given by the Committee on the Statement of Accounts at this meeting, however, if this is not possible, then it is recommended that delegated authority is given to the Director of Resources in consultation with the Chairman of the

Committee to approve the final audited Statement of Accounts 2019/20 and the letter of representation that will be requested by the external auditor.

- 3.4 The Statement of Accounts includes the Annual Governance Statement (AGS). The AGS was approved by the Committee on 30 July 2020. 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 has substantially completed, no significant 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.

Enquiries to: Chris Leslie, Director of Resources  
email [chris.leslie@maldon.gov.uk](mailto:chris.leslie@maldon.gov.uk)





**STATEMENT OF ACCOUNTS**  
FOR THE YEAR ENDED  
**31 MARCH 2020**



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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

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 authority has utilised available financial resources using CIPFA's code on Local Authority 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 authority is responsible. The authority's Balance Sheet provides details of the assets and liabilities as at 31 March 2020. Other supporting statements are provided to help 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 authority's statement of accounts.

### **The Statement of Accounts**

The 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 authority (the authority) 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 authority for the year in question. The auditor also has a responsibility to satisfy themselves that the authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources by review and examination of the authority'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 authority, 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 authority'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 authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority 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 authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority'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 authority.

### Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the authority 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 authority 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 in the activities of the authority, 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)
<b>(2,189)</b>	<b>Total Comprehensive Income</b>	<b>(1,825)</b>

The authority 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)	<b>Reduction / (Increase) in Usable Reserves of the Council</b>	(1,405)
	Comprising:	
(610)	Reduction / (Increase) in Revenue Balances and Reserves	(2,216)
519	Reduction in Capital Balances and Reserves	809

### Revenue Expenditure and Sources of Finance

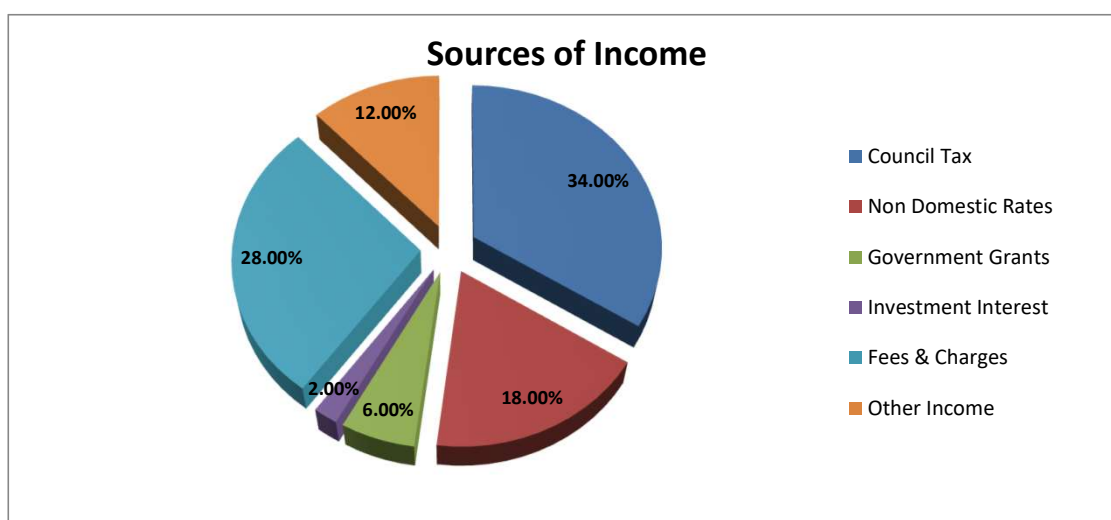
The prior year has been restated as there has been a change in directorate structure in the current year. No chief executive expenditure was incurred this year.

Revenue expenditure reflects the cost (on an IFRS basis) to the authority 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 authority 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 2018/19 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 are now committed in 2020/21, salary vacancies totalling £241k, better than budgeted performance on investment and rental income of £184k, and Council Tax collection better than budgeted for in the performance agreement with Essex County.

	Revised Budget	Actual Expenditure	Variance
	£000	£000	£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)
<b>Net Cost of Services</b>	<b>9,966</b>	<b>9,949</b>	<b>17</b>
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 £775,000 (£496,000 for 2018/19), including intangible assets of £448,000. This compares with a revised budget of £1,207,000

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	443
Maldon Promenade Park	176	19
Parks and Open Spaces	41	64
Cemeteries	49	15
Car Parks	141	111
<b>Total</b>	<b>1,207</b>	<b>775</b>

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 authority'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 allowed for in the prior year.

### Provisions/Contingencies

The authority 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.

Further details relating to Contingent Liabilities are provided in note 38 to the Core Financial Statements.

The authority 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 authority has implemented a whole authority 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 authority 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 authority has been pro-active and forward looking in ensuring its future sustainability. It continues to hold robust levels of reserves.

The authority'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**

<b>Estimated Future Capital Spending plans</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>Project Title</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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	-	-	-
<b>Total Capital Programme</b>	<b>719</b>	<b>477</b>	<b>557</b>	<b>477</b>
Financed by:				
Capital Receipts	299	57	137	57
Government Grant	420	420	420	420
<b>Total Funding</b>	<b>719</b>	<b>477</b>	<b>557</b>	<b>477</b>

The above table shows the capital spending plans of the authority 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 authority when there is a reasonable assurance that:

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

Amounts recognised as due to the authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are 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 authority 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 authority 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 authority will be monitoring all announcements by Government with respect to its proposals and ensuring that the authority reply to all consultations to ensure the interests of the authority 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 authority will be monitoring all developments during the year to ensure any potential financial impacts on the authority 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 authority 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 authority 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 authority business. Decision making took place in consultation with the Leader of the authority, Leader of the Opposition and Chairman of the authority. 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 authority 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 authority 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 **Financial**

To respond to the pandemic additional resources and equipment have been required that were not in the authority'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 authority received £672,215 relating to the 2020/21 financial year.

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 authority Tax, business rates income and debt collection could occur in future years and put future pressure on the general fund balance.

## **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. There will be numerous issues that will impact on the authority as a result of the COVID-19 pandemic. The authority 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 authority 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 authority in February 2020. The Plan sets the vision and corporate goals and provides strategic direction for the planning and delivery of the authority's work. For each goal, the Plan details the objectives the authority is striving to achieve.

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 authority'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 authority's website and all the performance reports submitted to the Committees are accessible via the website.

The Kev 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 authority 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 authority'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 authority's spend with suppliers is detailed on the website ([www.maldon.gov.uk](http://www.maldon.gov.uk)).

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

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

The authority 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 authority, 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 authority'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 Authority 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 Authority Code.

I certify that these accounts were considered and approved by the authority at its meeting

held on DD MMM YYYY

On behalf of Maldon District Council  
Councillor R G Boyce MBE  
Chairman of the council

Signed:

Date: DD MMM YYYY

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 authority at 31 March 2020 and its income and expenditure for the year then ended.

Signed



Christopher Leslie  
S.151 Officer

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

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

APPENDIX 1

2018/19	2018/19	2018/19		2019/20	2019/20	2019/20
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
-	-	-	<b>Corporate &amp; Democratic Directorate</b>	-	-	-
4,091	(61)	<b>4,029</b>	<b>Resources Directorate</b>	4,718	(107)	<b>4,612</b>
25,951	(21,541)	<b>4,411</b>	<b>Service Delivery Directorate</b>	22,190	(18,553)	<b>3,638</b>
2,102	(29)	<b>2,072</b>	<b>Strategy, Performance and Governance Directorate</b>	2,716	(1,016)	<b>1,699</b>
<b>32,143</b>	<b>(21,631)</b>	<b>10,512</b>	<b>COST OF SERVICES</b>	<b>29,624</b>	<b>(19,675)</b>	<b>9,949</b>
	1,436		Parish & Town Precepts			1,463
	<b>1,436</b>		<b>OTHER OPERATING EXPENDITURE</b>			<b>1,463</b>
	(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)
	<b>(460)</b>		<b>FINANCING AND INVESTMENT INCOME &amp; EXPENDITURE</b>			<b>278</b>
	(6,104)		Council Tax Income			(6,512)
	(883)		Government Grants (not attributable to specific services)			(1,169)
	(2,753)		Non-Domestic Rates			(3,439)
	<b>(9,740)</b>		<b>TAXATION AND NON SPECIFIC GRANT INCOME</b>			<b>(11,120)</b>
	<b>1,749</b>		<b>DEFICIT ON THE PROVISION OF SERVICES</b>			<b>569</b>
	(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)
	<b>(3,938)</b>		<b>OTHER COMPREHENSIVE INCOME AND EXPENDITURE SURPLUS</b>			<b>(2,394)</b>
	<b>(2,189)</b>		<b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE SURPLUS</b>			<b>(1,825)</b>

# MOVEMENT IN RESERVES STATEMENT

## Revenue Reserves

## Capital Reserves

## APPENDIX 1

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



**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
<b>Adjustments to the Revenue Resources</b>				
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)
<b>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement</b>				
Statutory provision for financing	226	-	-	226
<b>Investment Assets fair value gain</b>				
Capital Expenditure charged in year to the General Fund	-	-	-	-
<b>Adjustments relating to the Capital Grants Unapplied Account</b>				
New Capital Grants Received Reversed to CAA or Capital Grants Unapplied	-	-	-	-
<b>Utilisation of Capital Grants Unapplied</b>				
Adjustments Relating to Capital Receipts	-	-	-	-
Capital receipts applied	-	468	66	533
<b>Deferred Capital Receipts Received</b>				
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
<b>Adjustments relating to the Collection Fund Adjustment Account</b>				
Transfers to (from) Collection Fund Adjustment Account	(390)	-	-	(390)
<b>Adjustments relating to the Available for Sale Reserve</b>				
Transfers to (from) Available for Sale Reserve	6	-	-	6
<b>Adjustments relating to the Accumulated Absences Account</b>				
Employee Benefits Accrued (prior year adjustment)	79	-	-	79
Employee Benefits Accrued (current year adjustment)	(51)	-	-	(51)
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(2,359)</b>	<b>453</b>	<b>66</b>	<b>(1,840)</b>

**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
<b>Adjustments to the Revenue Resources</b>				
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	-	-	-	-
<b>Insertion of items not debited or credited to the Comprehensive Income &amp; Expenditure Statement</b>				
Statutory provision for financing	226	-	-	226
<b>Investment Assets fair value gain</b>				
Capital Expenditure charged in year to the General Fund	-	-	-	-
<b>Adjustments relating to the Capital Grants Unapplied Account</b>				
New Capital Grants Received Reversed to CAA or Capital Grants Unapplied	-	-	-	-
<b>Utilisation of Capital Grants Unapplied</b>				
Adjustments Relating to Capital Receipts	-	-	-	-
Capital receipts applied		804	6	810
<b>Deferred Capital Receipts Received</b>				
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		-	-	-
<b>Adjustments relating to the Collection Fund Adjustment Account</b>				
Transfers to (from) Collection Fund Adjustment Account	69	-	-	69
<b>Adjustments relating to the Available for Sale Reserve</b>				
Transfers to (from) Available for Sale Reserve	(266)	-	-	(266)
<b>Adjustments relating to the Accumulated Absences Account</b>				
Employee Benefits Accrued (prior year adjustment)	(18)	-	-	(18)
Employee Benefits Accrued (current year adjustment)	-	-	-	-
<b>Total adjustments between accounting basis &amp; funding basis under regulations</b>	<b>(2,784)</b>	<b>804</b>	<b>6</b>	<b>(1,975)</b>

# BALANCE SHEET

31-Mar-19 £000		Note	31-Mar-20 £000	APPENDIX 1
	<b>NON CURRENT ASSETS</b>			
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		
<b>43,241</b>	<b>TOTAL LONG TERM ASSETS</b>		<b>44,547</b>	
	<b>CURRENT ASSETS</b>			
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	
	<b>LESS CURRENT LIABILITIES</b>			
(5,022)	Short term creditors	20	(7,519)	
(1,082)	Provisions	21	(1,423)	
(6,104)			(8,942)	
<b>5,995</b>	<b>NET CURRENT ASSETS</b>		<b>7,588</b>	
(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)	
<b>(27,366)</b>	<b>TOTAL LONG TERM LIABILITIES</b>		<b>(26,578)</b>	
<b>21,870</b>	<b>TOTAL NET ASSETS</b>		<b>25,557</b>	
	<b>FINANCED BY</b>			
	Usable Reserves			
(3,092)	- Usable Capital Receipts Reserve		(2,289)	
(65)	- Capital Grants Unapplied Account		(59)	
(7,327)	- Revenue Reserves	9	(9,543)	
<b>(10,485)</b>	<b>- Total Usable Reserves</b>		<b>(11,891)</b>	
	Unusable Reserves	23		
(14,066)	- Revaluation Reserve		(15,489)	
(23,177)	- Capital Adjustment Account		(23,591)	
25,535	- Pensions Reserve		24,874	
167	- Collection Fund Adjustment Account		98	
106	- Available for Sale Reserve		373	
51	- Accumulated Absences Account		69	
<b>(11,384)</b>	<b>- Total Unusable Reserves</b>		<b>(13,666)</b>	
<b>(21,870)</b>	<b>TOTAL NET WORTH</b>		<b>(25,557)</b>	

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

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

# CASH FLOW STATEMENT

## APPENDIX 1

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made from resources which are intended to contribute to the authority's future service delivery. Financing activities summarises cash flows from where we have offered or received loans or finance leases during the year.

<b>2018/19</b> £000	<b>Note</b>	<b>2019/20</b> £000
1,749 <b>Net deficit on the provision of services</b>		569
(191) Adjustments to net surplus or deficit on the provision of services for non-cash movements		3,718
<u>(427) Adjustments for items that are financing or investing activities</u>		<u>(236)</u>
1,131 <b>Net cash (inflows)/outflows from operating activities</b>	(Note 24)	4,051
1,443 Investing activities	(Note 25)	(2,744)
<u>(1,520) Financing activities</u>	(Note 26)	<u>2,932</u>
1,054 <b>Net (increase) or decrease in cash and cash equivalents</b>		4,239
<u>6,823 <b>Cash and cash equivalents at the beginning of the year</b></u>		<u>7,877</u>
<u><u>7,877 <b>Cash and cash equivalents at the end of the year</b></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)
<b>(14,230)</b>	<b>(42,626)</b>	<b>(56,856)</b>
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
<b>13,448</b>	<b>42,514</b>	<b>55,962</b>
81	133	214
1,125	-	1,125
91	-	91
456	-	456
<b>1,753</b>	<b>133</b>	<b>1,886</b>

<b>971</b>	<b>21</b>	<b>992</b>
<b>84</b>	<b>(1,723)</b>	<b>(1,639)</b>
<b>1,055</b>	<b>(1,702)</b>	<b>(647)</b>

**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 Authority*	
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 Authority*	
Maldon DC & Parishes	

Charges to Collection Fund:	
Increase /Decrease (-) in Bad Debt Provision	
Increase/Decrease (-) in Provision for Appeals	
Costs of Collection	
Disregarded Amounts	

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

2019/20		
Business Rates £000	Council Tax £000	TOTAL £000
-	(45,387)	(45,387)
(15,070)	-	(15,070)
<b>(15,070)</b>	<b>(45,387)</b>	<b>(60,457)</b>
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
<b>13,393</b>	<b>44,996</b>	<b>58,389</b>
100	2	102
906	-	906
90	-	90
518	-	518
<b>1,614</b>	<b>2</b>	<b>1,616</b>

<b>(63)</b>	<b>(389)</b>	<b>(452)</b>
<b>1,055</b>	<b>(1,702)</b>	<b>(647)</b>
<b>992</b>	<b>(2,091)</b>	<b>(1,099)</b>

\* PFCC is the abbreviation for Police, Fire and Rescue Authority 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>
<b>Council Tax Base</b>				<b>24,536.1</b>

\* 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	<b>19/20</b>	<b>18/19</b>
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 Authority 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 Authority		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 authority's transactions for the financial year and its position at the year end of 31 March 2020. The authority 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 Authority 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 Authority 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 authority's accounts for 2019/20. Where the authority 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

#### **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 authority's cash management

**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 authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the general fund balance MRP or the statutory repayment of loans fund advances, by way of an adjusting transaction with the capital adjustment account in the movement in reserves statement for the difference between the two.



**1. ACCOUNTING POLICIES cont.****5) Council Tax and Non-domestic Rates**

Maldon District Council is a billing authority 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 Authority, 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

**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 authority.

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 authority 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 authority can no longer withdraw the offer of those benefits or when the authority 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 authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from 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 authority 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 authority are included in the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about 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 authority 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 authority 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 authority, 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 authority 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 authority 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 authority 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 authority 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 authority 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 authority 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

The authority 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 authority for 2019/20.

The authority'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 authority 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 authority, 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 authority 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 authority.

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 authority has one loan made to a charitable trust. This loan 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 authority 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 authority 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 authority 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 authority 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 authority 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 authority 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 authority had only 3 investment properties for 2019/20. The authority 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 authority 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 authority 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 authority'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 authority 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

**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 authority when there is reasonable assurance that:

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

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

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 authority has elected to charge a community infrastructure levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The authority 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 authority may be used to fund

**10) Heritage assets**

Tangible and intangible heritage assets (described in this summary of significant accounting policies as heritage assets) The authority's heritage assets are held in the authority's museum, are held in support of the primary objective of the authority's museum, i.e. increasing the knowledge, understanding and appreciation of the authority's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the authority'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 authority's general policies on impairment in this summary of significant accounting policies. The trustees of the authority'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 authority's general provisions relating to

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

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible assets are held by the authority 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 authority 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 authority 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 authority at the end of the lease period.

The authority 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 authority as lessor****Finance Leases**

Where the authority 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 authority Tax.

A gain on disposal, representing the authority'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 Authority does not currently have any finance leases where they act as the lessor.

**Operating Leases**

Where the authority 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 authority'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 authority's de minimis level for capital expenditure is £10,000. Expenditure on PPE is capitalised, provided that the fixed asset yields benefit to the authority 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 authority 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 authority). 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 authority.

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 authority has considered the componentisation of all significant assets and has started to bring this into effect.

The authority 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 authority 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 authority 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 authority 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 authority settles the

**Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the authority 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 authority. 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 authority 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 authority.

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 authority 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 authority.

Certain reserves are kept by the authority 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 authority.

**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 authority 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

**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 authority 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 authority had only 3 investment properties for 2019/20. The authority 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 authority 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 authority 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 authority'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 authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset

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

- the authority 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 Authority 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 authority

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 authority 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 authority 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 authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

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 authority 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 authority will be monitoring all announcements by Government with respect to its proposals and ensuring that the authority reply to all consultations to ensure the interests of the authority and our residents are strongly represented. There is continued uncertainty over impact on the authority that the departure of the UK from the European Union on 31 January 2020 will have, but the authority will be monitoring all developments during the year to ensure any potential financial impacts on the authority 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 authority as a result of the COVID-19 pandemic. The authority 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 authority 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 authority 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 authority's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ From Assumptions</b>
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 authority 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.	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 authority'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 authority'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 authority 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 authority to set aside an additional £0.124 million as an allowance.
NDR Appeals Provision	At 31 March 2020, the authority 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.

APPENDIX 1

## **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.

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

Adjustments for Capital Purposes £000	2019/20 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
-	-	-	-
162	333	-	495
939	798	-	1,737
1	294	-	296
1,102	1,425	-	2,527
(654)	740	216	303
448	2,165	216	2,830

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

**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.

### Net Change for the Pensions Adjustments

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

### Other Statutory adjustments

**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.

### Other non-statutory adjustments

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.

40



**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.

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

**7C. EXPENDITURE AND INCOME ANALYSED BY NATURE**

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

<b>2018/19</b> <b>£000's</b>	<b>Expenditure</b>	<b>2019/20</b> <b>£000's</b>
10,202	Employee benefits expenses	9,862
20,332	Other services expenses	18,425
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>	<b>Total expenditure</b>	<u>31,859</u>
	<b>Income</b>	
(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>	<b>Total income</b>	<u>(31,296)</u>
<u>1,749</u>	<b>Deficit on the Provision of Services</b>	<u>562</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 authority 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 authority financial statements. An authority 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 authority 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 Authority 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 Authority 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 authority 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 authority 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 authority are required to be paid and out of which all liabilities of the authority 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 authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the authority 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 authority 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 1-Apr-18 £000's	Transfers Out 2018/19 £000's	Transfers (In) 2018/19 £000's	Balance 1-Apr-19 £000's	Transfers Out 2019/20	Transfers (In) 2019/20 £000's	Balance 31-Mar-20 £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)
<b>Total Specific Reserves</b>	<b>(3,491)</b>	<b>1,292</b>	<b>(360)</b>	<b>(2,559)</b>	<b>332</b>	<b>(1,835)</b>	<b>(4,062)</b>
General Fund balance	(3,227)		(1,542)	(4,769)		(712)	(5,481)
<b>Total Revenue Reserves</b>	<b>(6,718)</b>	<b>1,292</b>	<b>(1,902)</b>	<b>(7,328)</b>	<b>332</b>	<b>(2,547)</b>	<b>(9,543)</b>

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

Separate earmarked reserves are held by the authority.

- 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 authority 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 authority 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 authority maintains external insurance policies to cover major risks. In many cases the policies have excess clauses that require the authority to meet the first part of each claim. The authority 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 authority'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 authority'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 authority, 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 Authority 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**

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

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

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

**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 authority has the following outstanding contracts for the construction or enhancement of Property, Plant and Equipment.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
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
<b>838</b>		<b>377</b>

**Effects of changes in estimates**

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

**Revaluations**

The authority 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 authority'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 authority 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 authority as non-operational have been valued on the basis Fair Value (open market value).
- Community assets are assets that the authority 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

	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Infrastructure Assets £000</b>	<b>Community Assets £000</b>	<b>Total Tangible Assets £000</b>
Carried at historical cost	4,496	6,595	7,263	624	18,978
Valued at current value as at:					
31 March 2020	26,372	-	-	-	26,372
31 March 2019	-	-	-	-	-
31 March 2018	-	-	-	-	-
31 March 2017	-	-	-	-	-
31 March 2016	-	-	-	-	-
<b>Total cost or valuation</b>	<b>30,868</b>	<b>6,595</b>	<b>7,263</b>	<b>624</b>	<b>45,350</b>

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

The authority does not have material surplus assets.

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

Heritage assets are assets that are held by the authority principally for their contribution to knowledge or culture. The authority 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 authority at the beginning and end of the reporting period and summarises the movement in the values over the year:

<b>2018/19 £000</b>		<b>2019/20 £000</b>
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.

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

The authority'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 authority 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:

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

**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 authority 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 authority's 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 authority'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>	<b>Other significant observable inputs (Level 2) £000s</b>	<b>Fair value as at 31 March 2020 £000s</b>
Commercial units	2,755	2,755
<b>Total</b>	<b>2,755</b>	<b>2,755</b>

**2019 comparative figures**

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

**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 authority 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 authority 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 authority'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 authority'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 authority'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 authority 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 authority. The useful lives assigned to the major software suites used by the authority 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:		
1201 Gross carrying amounts		1486
(1,081) Accumulated amortisation		(1,117)
120 Net carrying amount at start of year		369
Additions		
284 Purchases		449
(36) Amortisation for the period		(91)
369 Net carrying amount at end of year		727
Comprising:		
1,485 Gross carrying amounts		1,935
(1,117) Accumulated amortisation		(1,208)
368		727

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 authority 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 authority.

The authority's 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 authority 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 authority. The financial assets held by the authority during the year are held under the following classifications.

Amortised cost where cash flows are solely payments of principal and interest and the authority's 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 authority

**(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 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
4,671	4,940	12,116	7,877
-	-	2,008	2,000
<b>4,671</b>	<b>4,940</b>	<b>14,124</b>	<b>9,877</b>
-	-	774	357
286	277	-	-
<b>286</b>	<b>277</b>	<b>774</b>	<b>357</b>
679	905	2,570	2,428
<b>679</b>	<b>905</b>	<b>2,570</b>	<b>2,428</b>

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

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

The authority 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 authority 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 authority'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
<b>Financial liabilities held at amortised cost</b>			
Long term creditors - embedded leases	905	905	679
Short term creditors	2,428	2,428	2,918
<b>Total</b>	<b>3,333</b>	<b>3,333</b>	<b>3,597</b>

	2018/19		2019/20
	Carrying Amount	Fair Value	Carrying Amount
	£000	£000	£000
<b>Financial assets held at amortised cost</b>			
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
<b>Total</b>	<b>5,573</b>	<b>5,544</b>	<b>5,696</b>

**( C ) Financial Instruments - Fair Values and Carry Amounts**  
**2018/19**

2018/19		Financial Assets		Valuation technique used to measure fair value	2019/20	
Carry Amount	Fair Value		Input Level in fair value hierarchy		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
<b>13,172</b>	<b>13,145</b>	<b>Total Financial Assets</b>			<b>17,647</b>	<b>17,509</b>



**( 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 authority 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 authority 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 authority 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 authority'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 authority'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 authority'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 authority 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 authority has received independent investment advice

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

Credit Rating*	Short Term	Long Term	Investments	Short Term	Long Term	Credit Rating*
	Balance as at 31-Mar-19 £000	Balance as at 31-Mar-19 £000		Balance as at 31-Mar-20 £000	Balance Invested as at 31-Mar-20 £000	
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+
			<b>Banks</b>			
A	2,000	-	Barclays	1,991	-	A
	<b>6,205</b>	<b>4,938</b>	<b>Total Banks</b>	<b>10,905</b>	<b>4,620</b>	
Credit Rating*	Short Term	Long Term	Available for Sale	Short Term	Long Term	Credit Rating*
	Balance as at 31-Mar-19 £000	Balance as at 31-Mar-19 £000		Balance as at 31-Mar-20 £000	Balance Invested as at 31-Mar-20 £000	
			<b>Certificates of Deposit</b>			
A+	-	-	Standard Chartered	1,982	-	A+
	2,000	-	Nordea	-	-	AA-
	<b>2,000</b>	<b>-</b>	<b>Total Banks</b>	<b>1,982</b>	<b>-</b>	

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 authority 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 authority'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 authority's 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 authority'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	<b>8,205</b>	<b>4,938</b>	<b>12,887</b>	<b>4,620</b>

\* 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 authority has no historical experience of counterparty default.

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

The authority 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:

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

**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 authority 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 authority will be unable to raise finance to meet its commitments under financial instruments.

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

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

**(3) Foreign exchange risk**

The authority 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**

13. INVENTORIES								
	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
<b>2,207</b>	<b>Total</b>	<b>2,399</b>
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
<b>2,207</b>		<b>2,399</b>

**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
<b>374</b>		<b>607</b>

**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
	<b>277</b>	<b>39</b>	<b>(31)</b>	<b>286</b>

**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 authority
4	Cash held by the authority
1,668	Bank Current Accounts
6,205	Short term deposits
<b>7,877</b>	<b>Total Cash and Cash Equivalents</b>

31-Mar-20 £000
4
1,100
11,012
<b>12,116</b>

**20. CREDITORS**

31-Mar-19 £000	
2,833	Trade Payables
2,189	Other Payables
<b>5,022</b>	<b>Total</b>

31-Mar-20 £000
4,491
3,027
<b>7,519</b>

**21. PROVISIONS**

	2018/19 £000	Additional Provisions made £000	Amounts Utilised in 2019/20 £000	Unused amounts reversed £000	2019/20 £000
<b>Short Term: &lt; 1 year</b>					
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
<b>Long Term: &gt; 1 year</b>					
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 unlodged.

**22. USABLE RESERVES**

Movements in the authority'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

<b>31-Mar-19</b>		<b>31-Mar-20</b>
<b>£000</b>		<b>£000</b>
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
<b>1,840</b>	<b>Total Unusable Reserves</b>	<b>(13,666)</b>

**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.

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

**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.

<b>31-Mar-19</b>			<b>31-Mar-20</b>
<b>£000</b>			<b>£000</b>
(22,107) <b>Balance at 1 April</b>			(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)
<b>(23,177)</b>	<b>Balance at 31 March</b>		<b>(23,591)</b>

**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 authority 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.

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

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

**Collection Fund Adjustment Account**

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

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

**Available for Sale Reserve**

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.

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

**Accumulated Absences Account**

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

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

**24. CASH FLOW STATEMENT – OPERATING ACTIVITIES**

The cash flows for operating activities include the following items:

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

**Statements**

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(739)	Depreciation, impairments and amortisation	666
1	Decrease in inventories	8
912	Decrease in debtors	530
744	Increase in creditors	511
1,355	Increase in provisions	341
(4,401)	Pension costs	5,645
932	Movement in pension liabilities	(5,103)
1,005	Revaluation gains on the value of non-current assets	1,120
<b>(191)</b>		<b>3,718</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
(131)	Capital grants received	98
(296)	Interest received	(334)
<b>(427)</b>		<b>(236)</b>

**25. CASH FLOW STATEMENT – INVESTING ACTIVITIES**

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
459	Purchase of property, plant and equipment, investment property and intangibles	(2,194)
2,000	Purchase of short and long term investments	260
(16)	Proceeds of sale of property, plant and equipment, investment property and intangibles	-
(1,000)	Proceeds of sale of short and long term investments	(810)
-	Other receipts from investing activities	
<b>1,443</b>	<b>Net cash (inflow)/outflow from investing activities</b>	<b>(2,744)</b>

**26. CASH FLOW STATEMENT – FINANCING ACTIVITIES**

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
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
<b>(1,520)</b>	<b>Net cash (inflow)/outflow from financing activities</b>	<b>2,932</b>



**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
<b>Total liabilities from financing activities</b>	<b>1,132</b>	<b>(226)</b>	<b>-</b>	<b>-</b>	<b>906</b>

	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
<b>Total liabilities from financing activities</b>	<b>1,358</b>	<b>(226)</b>	<b>-</b>	<b>-</b>	<b>1,132</b>

**28. MEMBERS' ALLOWANCES**

The total attendance allowances paid to Members were as follows:

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

**29. REMUNERATION OF SENIOR STAFF**

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

<b>2019/20</b>	<b>Total Remuneration excluding Pension Contributions</b>	<b>Pension Contributions</b>	<b>Total Remuneration including Pension Contributions</b>
<b>Job Title</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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

<b>2018/19</b>	<b>Name</b>	<b>Total Remuneration excluding Pension Contributions</b>	<b>Pension Contributions</b>	<b>Total Remuneration including Pension Contributions</b>
<b>Job Title</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>
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 :

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

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

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
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
<b>52</b>	<b>Total</b>	<b>79</b>

**32. GRANT INCOME**

The authority 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:

<b>2018/19</b>	<b>Revenue Grants Credited to Services</b>	<b>2019/20</b>
<b>£000</b>		<b>£000</b>
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
<b>14,106</b>	<b>Total</b>	<b>12,244</b>

**33. RELATED PARTY TRANSACTIONS**

The authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the authority or be controlled or influenced by the authority. 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 authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 28.

In 2013/14 the authority 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 authority 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 authority; in this document members set out details of their interests, as required by the Localism Act 2011 and also by the authority's Code of Conduct.

This information is published on the authority's website ([www.maldon.gov.uk](http://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 authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in note 35.

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

**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
<b>468</b>	<b>437</b>	<b>905</b>	<b>809</b>	<b>331</b>	<b>1,140</b>

Capital Financing Requirement (CFR):

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

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

The authority effectively "leases" Refuse vehicles indirectly through its contract with Suez as they use their vehicles solely on the authority'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
<b>1,130</b>		<b>943</b>

The authority'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
<b>1,144</b>	Minimum lease payments	<b>918</b>

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
	<b>1,145</b>	<b>918</b>	<b>1,131</b>	<b>904</b>

**Operating leases**

The authority 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	-
<b>273,627</b>		<b>202,990</b>

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
<b>273,627</b>		<b>202,990</b>

**Authority as lessor****Finance leases**

The authority has no finance leases as lessor

**Operating leases**

The authority 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 authority 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
<b>12,705</b>	<b>Total</b>	<b>13,207</b>

**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 authority makes contributions to the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments, which needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in the Local Government Pension Scheme, administered by Essex County authority. This is a funded defined benefits final salary/career average scheme, meaning that the authority 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
	<b>Service Cost</b>	
2,768	Current service cost	2,097
968	Past service cost (including curtailments and administration)	495
<b>3,736</b>	<b>Total Service Cost</b>	<b>2,592</b>
	<b>Financing and Investment Income and Expenditure</b>	
665	Net Interest on the Net Pension Liability	609
	<b>Total Post Employment Benefits Charged to the Surplus or Deficit on the</b>	
<b>4,401</b>	<b>Provision of Services</b>	<b>3,201</b>
	Other post-employment benefits charged to the comprehensive income and expenditure statement:	
	<b>Remeasurements of the Net Defined Liability Comprising:</b>	
(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
<b>(3,448)</b>	<b>Total remeasurements recognised in other comprehensive income</b>	<b>(2,330)</b>
<b>953</b>	<b>Total Post Employment Benefits Charged to the Comprehensive Income and</b>	<b>871</b>
	<b>Movement in Reserves Statement</b>	
(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
<b>(3,469)</b>		<b>(2,148)</b>

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 authority's obligation in respect of its defined benefit scheme is as follows:

<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>£000</b>
(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)
<b><u>(25,535) Net Liability Arising From Defined Benefit Obligation</u></b>	<b><u>(24,874)</u></b>

Reconciliation of the Movements in Fair Value of Scheme Assets

Transactions Relating to Post-Employment Benefits

<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>£000</b>
48,059 Opening fair value of scheme assets	50,972
1,213 Interest income	1,216
<b>Remeasurement gain</b>	
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)
<b><u>50,972 Closing Fair Value of Scheme Assets</u></b>	<b><u>47,913</u></b>

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

<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>£000</b>
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
<b>Remeasurement gain</b>	
(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)
<b><u>76,507 Closing Fair Value of Scheme Liabilities</u></b>	<b><u>72,787</u></b>

**Defined Benefit Pension Scheme Risks**

In general, participating in a defined benefit pension scheme means that the authority 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 authority 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
<b>50,972</b>	<b>100</b>	<b>Total</b>	<b>47,913</b>	<b>100</b>

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 authority had two contingent liabilities:

As a local planning authority, 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 authority. 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 authority. Where an appeal decision has not yet been made there is also potential that the authority may incur future costs, however at this stage it remains improbable and is not quantifiable.

There is a possible claim against the authority 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.

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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 authority.

**Appropriations**

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

**Assets Held for Sale**

Non-current assets which are no longer required by the authority 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 authority'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 authority'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 authority recording receipts from authority 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 authority 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 authority 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 authority. 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 authority 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 authority. 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 authority for the year.

**Creditors**

Amounts owed by the authority for goods, services and works that have been received by the authority for which no payments have been made by the authority 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 authority for goods, services and works that have been provided by the authority for which payments have not been received by the authority 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 authority 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 authority has obtained non-current assets by finance lease these assets are shown on the authority'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 authority, which summarises the cost of all services the authority provides.

**Going Concern**

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

**Provision**

Amounts set aside where an event has taken place that gives the authority 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 authority 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 in light of 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 <a href="https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code">https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code</a>
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:

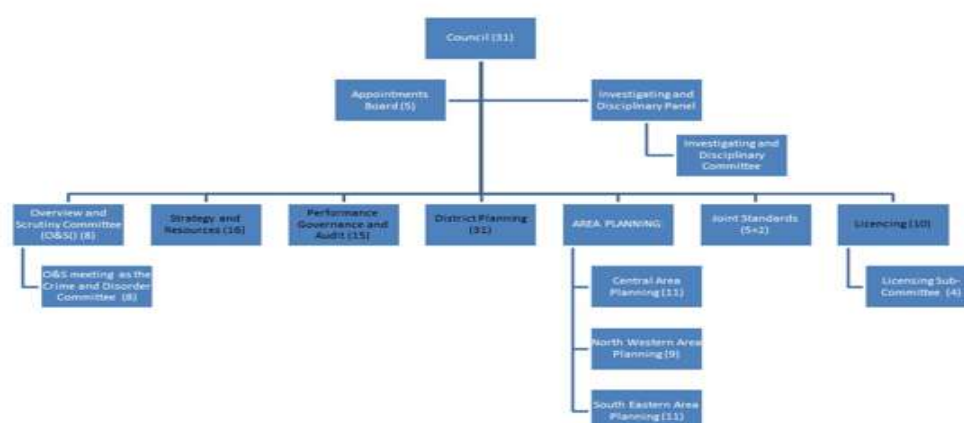


This year, the following activity has taken place within this Governance Framework:

**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 28<sup>th</sup> May 2020 with the Performance, Governance and Audit Committee commencing remotely on 25<sup>th</sup> 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.



**REPORT of  
DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

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

**QUARTER 2 REVIEW OF CORPORATE PERFORMANCE**

**1. PURPOSE OF THE REPORT**

1.1 The Corporate Performance framework requires this Committee to undertake a quarterly review of the Thematic Strategies performance, as assurance that performance is being managed effectively to achieve the corporate outcomes as set out in the Council's Corporate Plan 2019 - 2023, and for recommended changes and improvements to be reported to the Strategy and Resources Committee later in 2020. **APPENDIX 1** of this report provides an overview of performance as of the end of Quarter 2 (July - September 2020).

1.2 Online versions are available to view on the Members SharePoint site using the following link: [Corporate Performance Report](#).

**2. RECOMMENDATIONS**

- (i) That Members review the information as set out in this report and **APPENDIX 1** with priority focus given to the Strategic Outcome level performance.
- (ii) That Members confirm they are assured through this review that corporate performance is being managed effectively.

**3. SUMMARY OF KEY ISSUES**

3.1 Following the agreement of the Corporate Plan and Thematic Strategies in 2019, key outcomes, activities and priority measures have been identified for monitoring at a corporate level. All measures and associated targets are therefore subject to change. This is to ensure the Council is monitoring and progressing the correct activity for the associated outcome.

3.2 Since the strategies were adopted however, the Council has had to respond to the local impacts of the Covid-19 pandemic. At all levels in the organisation, this resulted in redeployment and reprioritisation of resources to respond to the community's needs; many of which were not forecast to be priorities in 2019. This has already started to impact on some strategy short-term performance, however it is too early to identify medium-longer terms impacts.



3.3 Any concerns affecting the corporate outcomes are set out in **APPENDIX 1** for the three Thematic Strategies. To summarise:

- **Community:** Overall the performance delivery is broadly on track, it is envisaged that there are a lot of outcomes and activities which will have been impacted by Covid-19, however no actionable concerns are reportable for Q2
- **Place:** Overall the performance delivery is broadly on-track, there are some outcomes and activities which will be impacted by Covid-19, however no actionable concerns are reportable for Q2
- **Prosperity:** Overall the performance delivery is broadly on track, however it is envisaged that there are some outcomes and activities which will be impacted by Covid-19. The Outcomes which show initial concerns in their delivery are (A) Delivery of strategic employment sites in accordance with the Local Delivery Plan and (B) Partnership working to provide an Enterprise Centre.

3.4 The following indicators have been annotated as 'At Risk' for Q2:

Community Thematic Strategy	<ul style="list-style-type: none"><li>• Maldon District Council (MDC) assistance to use digital services/online payment at the Council offices.</li></ul>
Place Thematic Strategy	<ul style="list-style-type: none"><li>• Local Volunteering activity facilitated/organised by MDC.</li><li>• Keeping Britain Tidy Green Flag Award (for well managed parks and open spaces).</li><li>• Develop and adopt an Environmental and Climate change strategy</li></ul>
Prosperity Thematic Strategy	<ul style="list-style-type: none"><li>• % of Strategic sites promoted through partners.</li><li>• Occupancy in the Enterprise hub.</li></ul>

## 4. CONCLUSION

4.1 Most of the reported performance measures at Q2 were illustrating a positive direction of travel. Where hindrances and data gaps are being experienced, solutions will be explored by officers to enable work to progress towards achieving the Corporate Plan outcomes.

## 5. IMPACT ON STRATEGIC THEMES

5.1 It is important that performance is monitored and managed effectively, to ensure that Maldon District Council progresses towards and/ or achieves its stated outcomes.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – Performance management covers the monitoring of corporate outcomes. The Corporate Plan includes delivery for our customers.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – If performance is not managed effectively by the Council, it puts the Council's corporate outcomes' delivery at risk and increases unnecessary exposure to potential, operational, reputational or regulatory consequences.
- (iv) **Impact on Resources (financial)** – All performance management is undertaken within existing planned budgets.
- (v) **Impact on Resources (human)** – All performance management is undertaken within existing planned budgets.
- (vi) **Impact on the Environment** – None.
- (vii) **Impact on Strengthening Communities** – None.

Background Papers: None.

Enquiries to: Paul Dodson, Director of Strategy, Performance and Governance.

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# Corporate Performance Report Q2 – Appendix 1

23<sup>rd</sup> October 2020



# Appendix Context

- The following slides detail the performance of each corporate outcome, supported by the individual measures agreed in the Thematic Strategies
- An overhaul of the performance measures reported has taken place, to ensure that we are only reporting performance related to the corporate plan
- Focus should begin at the outcome level summary, which leads to individual indicator level detail if required.
- The narrative against each outcome indicates if the measures are illustrating the correct direction of travel.
- Where challenges or concerns have impacted the outcomes performance, this will be highlighted in the outcome summary, along with any supporting action if required.

# Visual Key

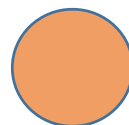


On Track or On Track – All Elements

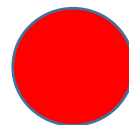


On Track – Conditional Elements

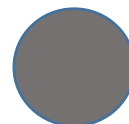
\*Note: Conditional elements of `On Track` meaning: not all data received due to frequency, or progress happening but awaiting data conformation\*



Under Review



At Risk



Not Started

# Community Strategic Performance

## Community Outcomes

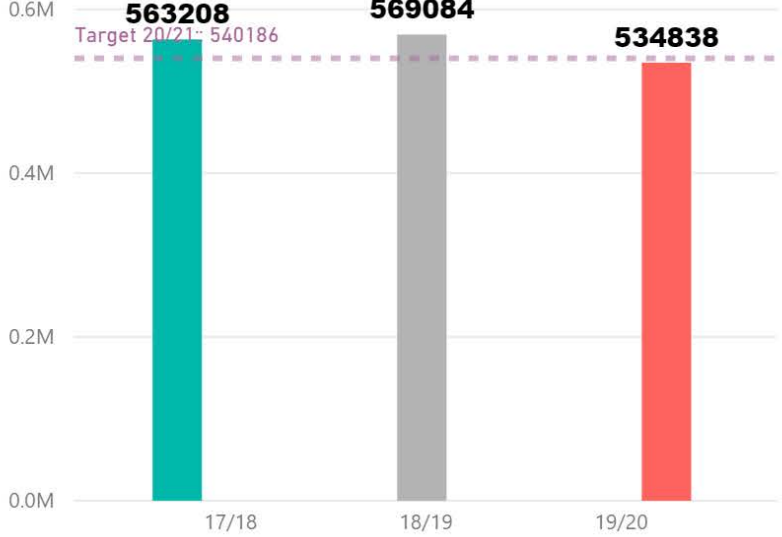
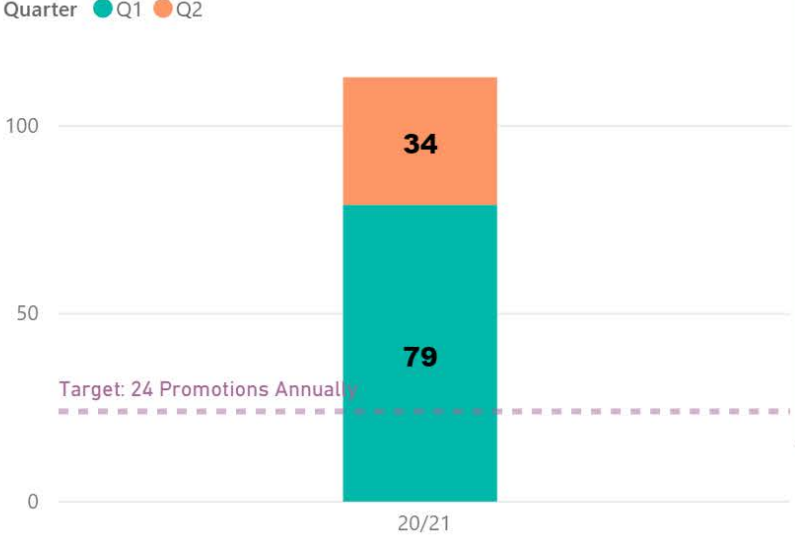
Reference	Title	Status	Commentary
A	Working with communities and partners to support our health and wellbeing priorities: Obesity	Ontrack - Conditional Elements	Q2- We have continued to surpass our annual target of 24 physical activity promotions. Given the internal and external pressures of the pandemic, it was important to interact and engage with our residents virtually, and promote physical activity and healthy eating through local, regional and national campaigns. However, whilst it has been excellent to exceed our target, we need to ensure that the information we have been promoting has been utilised by our residents. The target to increase weight management provision in the District will need to be reviewed. There is still no ambition from the commissioner at ECC to increase the number of sessions in the District. We are on task to reach our target of 540186 participants utilising the facilities at Maldon Leisure Centre this year. However, participation at Maldon Leisure Centres is at risk of not meeting its yearly increase target, this will need to be reviewed.
	Working with communities and partners to support our health and wellbeing priorities: Mental Health	Ontrack - Conditional Elements	Q2- We have exceeded our target of MAC's this quarter. We have been versatile in our delivery and utilised the increase of technological equipment to improve engagement with our most vulnerable residents.
C	Working with communities and partners to support our health and wellbeing priorities: Social Isolation & Loneliness	Ontrack - Conditional Elements	Q2- We have continued to exceed our target for promoting social isolation initiatives. Partnership working with the CVS has been sustained during this time to tackle social isolation and loneliness. Given that there may be further shielding measures implemented it is important that we continue with local partners to support our residents.
D	Working with communities and partners to support our health and wellbeing priorities: Older peoples health	Ontrack - Conditional Elements	Q2- COVID-19 had halted work on this corporate outcome. However, the Maldon District Dementia Action Alliance had it's first meeting since lockdown in Q2. With MDC being an active member, we will become more aware of the number of groups and services within the Maldon District.

# Community Strategic Performance

## Community Outcomes

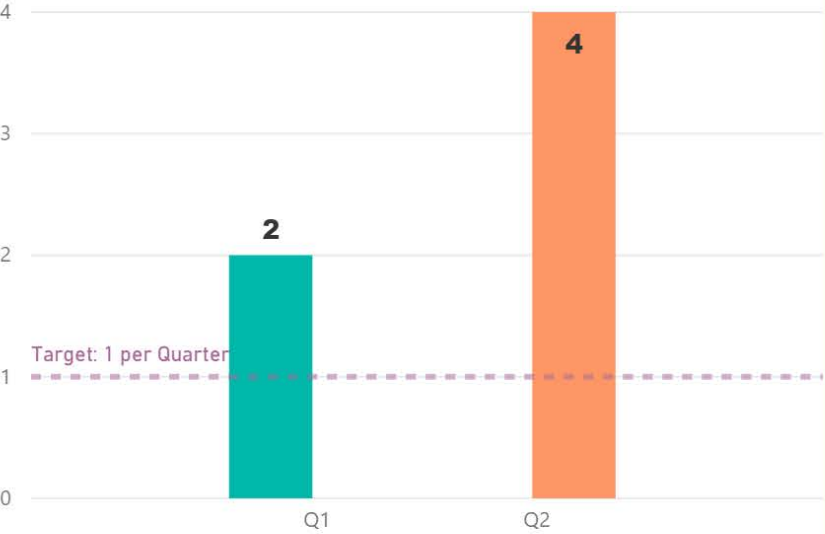
Reference	Title	Status	Commentary
E	Partnership working to safeguard vulnerable adults, children & families	Ontrack - Conditional Elements	Q2- All safeguarding cases continue to be dealt with in the right guidelines (SET). Staff completion of e-learning modules on Safeguarding and GDPR is currently down on Q1 by 2%. We will need to ensure staff have completed this training. There has been an increase in the % of customer facing staff who have received MECC* training, meaning we are progressing and performing well regarding this target.
F	Effective engagement to support strong and resilient communities	Ontrack - Conditional Elements	Q2- Some of the work to support this outcome has been put on hold through COVID-19. ABCF will have not been operating throughout this time. However, we have surpassed our targets for the Customer evaluation survey and the number of engagements with Parish and Town Councils. A large majority of the COVID work which has been carried out will have certainly supported the corporate outcome of effective engagement to support strong and resilient communities. Going forward, it is important to utilise the mechanisms and relationships that have formed throughout the pandemic with the to improve and deliver upon corporate outcomes.

A) Obesity



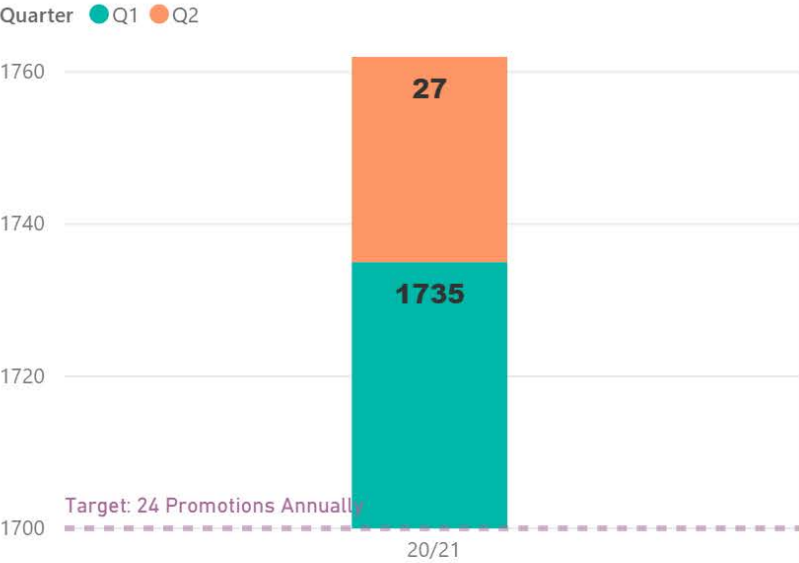
B) Mental Health

Targeted MAC\* (Multi Agency Centres) supporting vulnerable residents



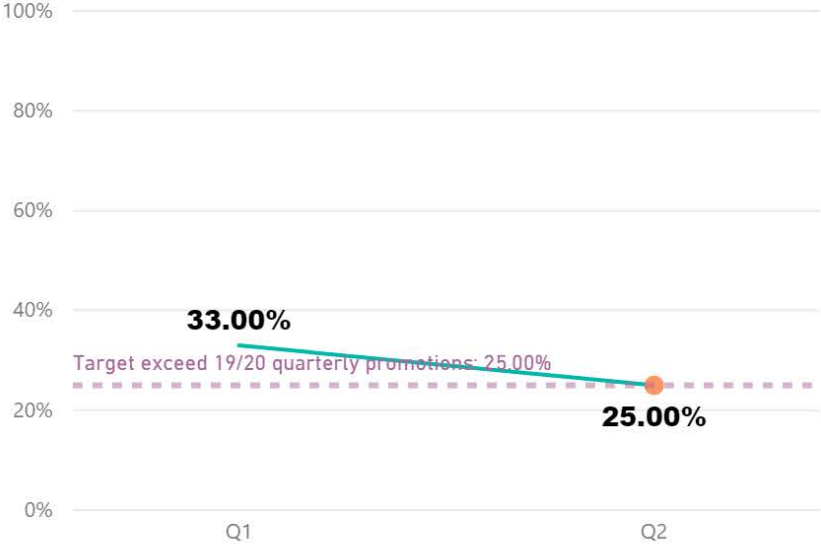
C) Social Isolation/Loneliness

Promotion of social isolation initiatives



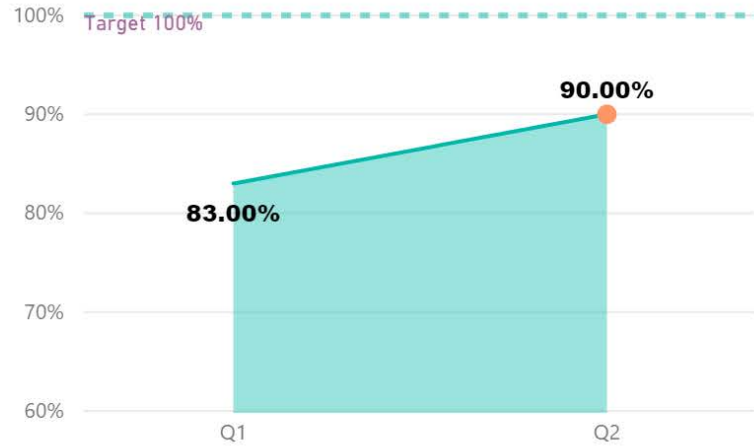
D) Older Health

% of known Maldon District dementia friendly groups/ services promoted

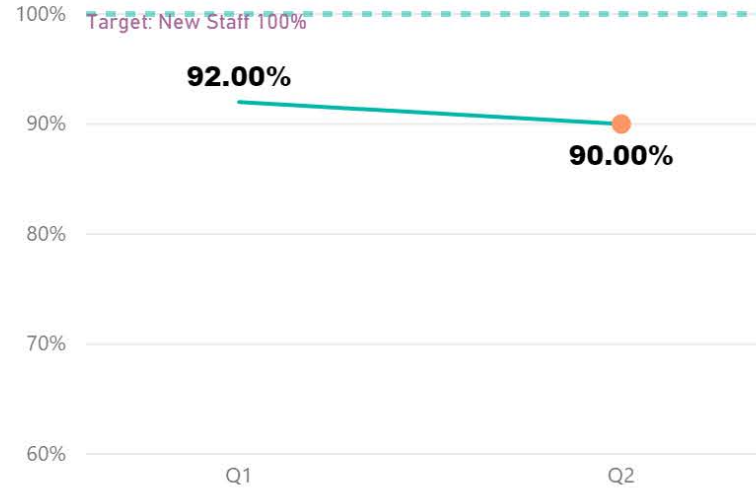


## E) Partnership working to safeguard

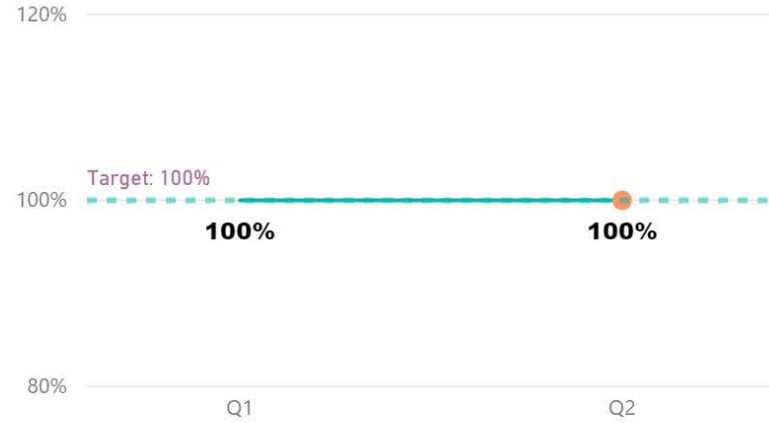
% of customer facing staff who have received MECC\* training



Staff completion of e-learning modules on Safeguarding and GDPR



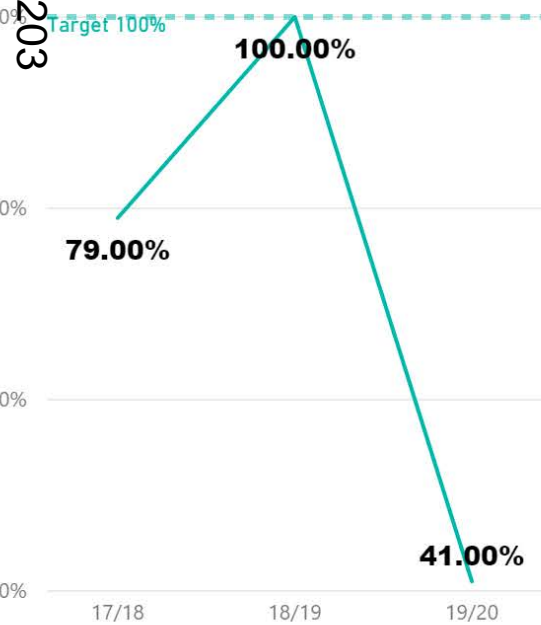
% of safeguarding cases are dealt with in accordance of Southend, Essex and Thurrock (SEI) guidelines for adults and children



APPENDIX 1

## F) Community Engagement

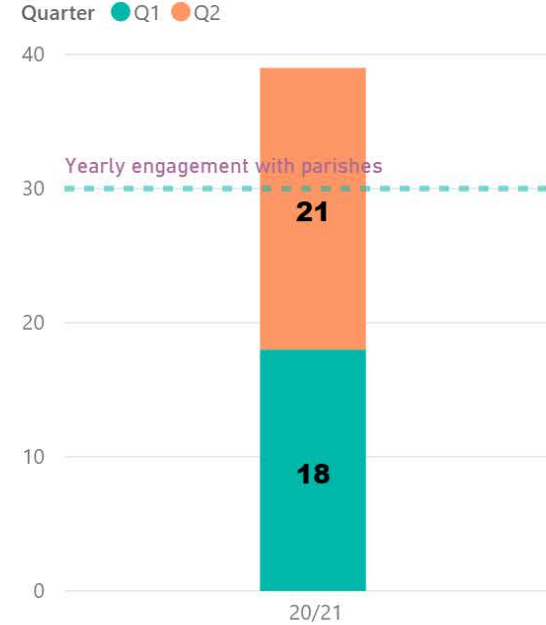
Annual Better Care Fund spend



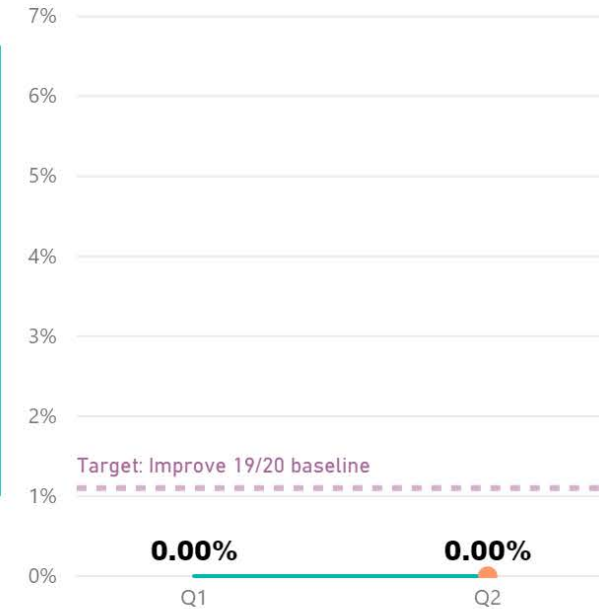
Customer evaluation survey (MDC) – private sector housing grants/ loans









No. of Parish and Town Council engagements by Community team



MDC assistance to use digital service/ payment at Council Offices













Supportive Outcome	Community Actions Plans	Status	Highlights/Low Lights	Target
A) Support health and wellbeing priority: Obesity	Campaign delivery for physical activity	Target Met 	Q2 - 4 campaigns - Promotion of Active Essex 'Better Health' on social media, in MDC internal comms and to livewell partners; launch of MDC Clean Air day, including active travel component, on social media; promotion of buddy walks; funding and support of projects e.g FitSteps, seated exercise.	2 Campaigns per year
A) Support health and wellbeing priority: Obesity	Parishes covered by community weight management sessions	Target Met 	Q2 - Active promotion of telephone weight management services on social media and to livewell partners, and healthy lifestyle comms including re weight management, eg BNF Healthy Eating Week and PHE/Active Essex Better Health campaign, on social media and in MDC internal comms.	Support existing weight management sessions
B) Support health and wellbeing priority: Mental Health	Primary Schools supported by MDC Y6 transition template	On Track 	Q2 - We are currently gathering feedback on the evaluation template from our education partners at Ormiston Rivers Academy and Plume Academy. Once we receive feedback, we will update the evaluation form if required. We will then be looking to formerly launch the MDC transition template to all primary and secondary schools in the District.	To onboard 2 new schools per year
C) Support health and wellbeing priority: Social isolation/Loneliness	Campaign delivery for social isolation	Target Met 	Q2 - 3 campaigns - Planning of Maldon District Recognition of Service to celebrate volunteering; support for Mid and South Essex HCP thank you video, to celebrate volunteering and community cohesion to reduce isolation; support for COVID Community helpline.	1 Campaign per year
C) Support health and wellbeing priority: Social isolation/Loneliness	The number of intergenerational projects in the District	Under Review 	Q2 - 0 new schools - service suspended due to COVID19 as schools are shut and care homes are in self-isolation as extremely vulnerable. As soon as guidelines change, this project will be resumed. Will also look to encourage virtual model of delivery for school and care home, similar to existing initiative with Maldon Saints Primary School.	1 new school participating in intergenerational projects per year
D) Support health and wellbeing priority: Older people's health	Health drop-ins for older people's groups provided	On Track 	Q2 - 2 sessions - Service suspended due to COVID19. However, promotion of community safe space opportunities e.g delivered by CVS, and receiving funding applications for community projects; support for CVS safe and well checks.	To increase older health drop in sessions, 1 per quarter







# Place Strategic Performance

## Place Outcomes

Reference	Title	Status	Commentary
A 	A clean and tidy District	Ontrack - Conditional Elements	Q2 - Decrease in flytipping since public waste disposal sites reopened during Q2 and clean up exceeded target. No concerns for Q2.
B 	Reduced Household waste	Ontrack - Conditional Elements	Q2 - Slight increase in recycling to exceed target and decrease in residual waste to exceed target for Q2. On track for Q3
C 	Our open spaces maintained for the enjoyment of all	Ontrack - Conditional Elements	Q2 - Volunteering activity remains suspended in Q2 with zero hours completed raising concern for end of year target. 1 Management Plan commenced in Q2 to improve on Baseline satisfaction rate.
D 	Improved air quality	Ontrack - Conditional Elements	Q2 - Action Plan actively progressing and aligned with High Street Recovery work and High Street Improvements project through CAMP.
	Partnership working to protect our countryside and coastline	Ontrack - Conditional Elements	Q2 - On track and progressing
	Sound and tested environmentally friendly initiatives delivered	Ontrack - Conditional Elements	Q2 - National and local campaigns delivered via social media supporting environmental initiatives. Environment and Climate Change Strategy made some progress.
G 	A five -year housing land supply maintained	Ontrack - Conditional Elements	Q2 - Awaiting HDT and 5YHLS figures to be published for 20/21.
H 	Strategic sites delivered in accordance with the Local Development Plan bought forward	Ontrack - Conditional Elements	Q2 - Partial Review of LDP triggered due to last 3 years not meeting LDP Housing Trajectory. Strategic sites recommenced construction Q2.

# Place Strategic Performance

## Place Outcomes

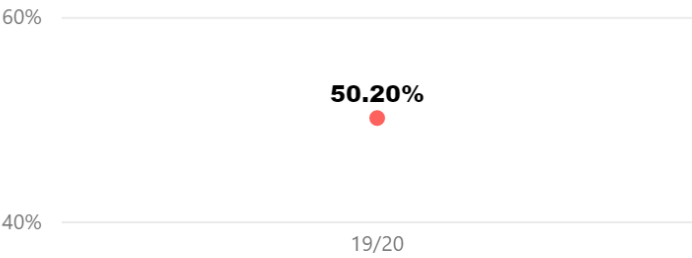
Reference		Title	Status	Commentary
I		Affordable housing targets in the Local Development Plan achieved	Ontrack - Conditional Elements	Q2 - Sites recommenced construction Q2 along with sites commencing construction Q2. Annual target 20/21 back on track.
J		Section 106 planning agreements are effectively discharged	Ontrack - Conditional Elements	Q2 - S106 monitoring completed on active sites and working through outstanding actions and required payments.
K		Partnerships are developed to maintain coastal defences	Ontrack - Conditional Elements	Q2 - Flood Projects and Maintenance Group reconvened and progressing individual projects and partnership funding.
		Improved access to Superfast Broadband across the District	Ontrack - Conditional Elements	Q2 - on track and progressing.

Place Performance Measures

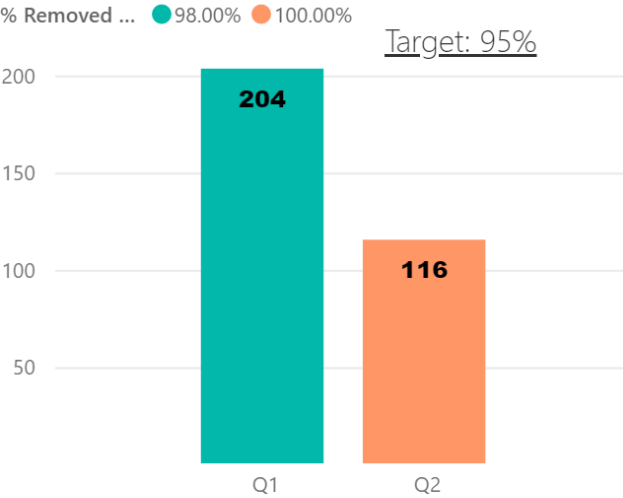
A) Clean and Tidy District

Public satisfaction to cleanliness & tidiness of the District

Target: Improve baseline

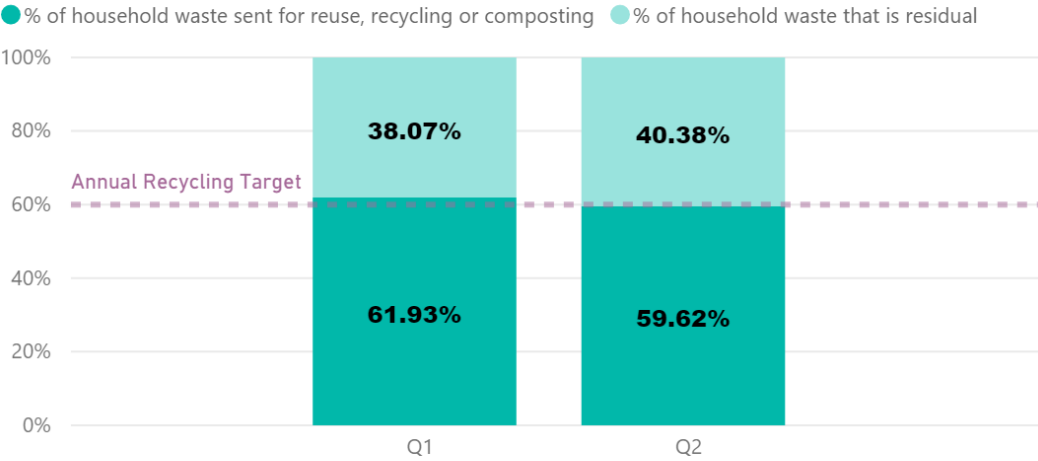


Fly tipping incidents and & Removed in 24rs



B) Household Waste Reduction

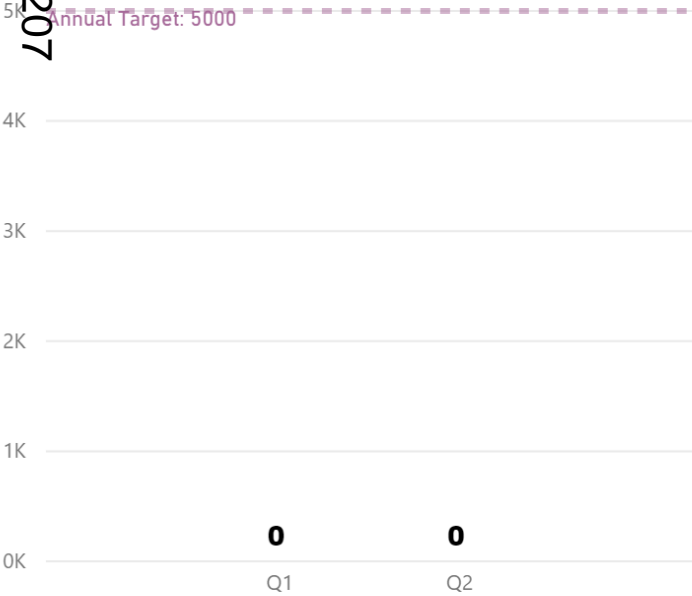
Residual Waste V Recycled Waste



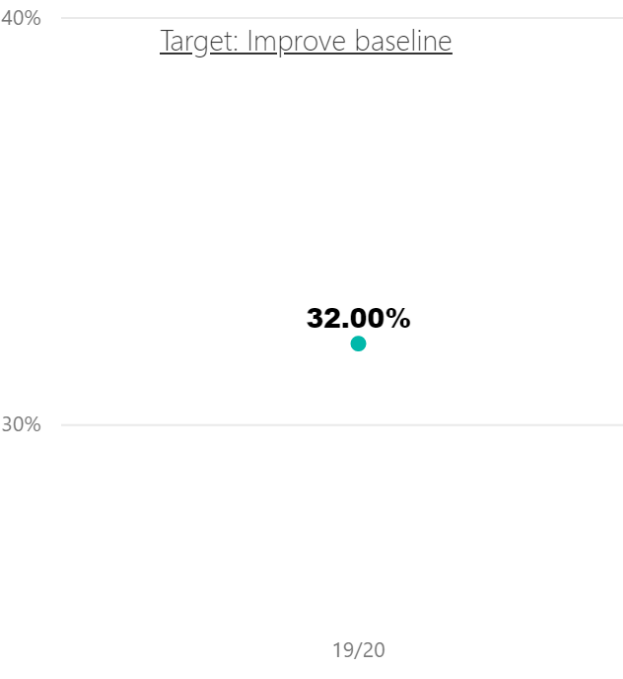
APPENDIX 1

C) Open Spaces

Local volunteering activity facilitated/organised by MDC(Hrs)

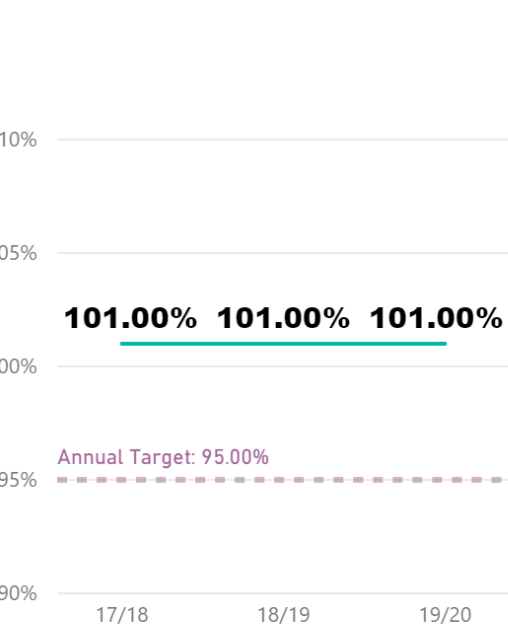


Public satisfacion to Flagship open spaces



G) Housing Land Supply.

Housing Delivery Test (HDT\*) result



5Yr housing land supply



## H) Strategic Site Developement

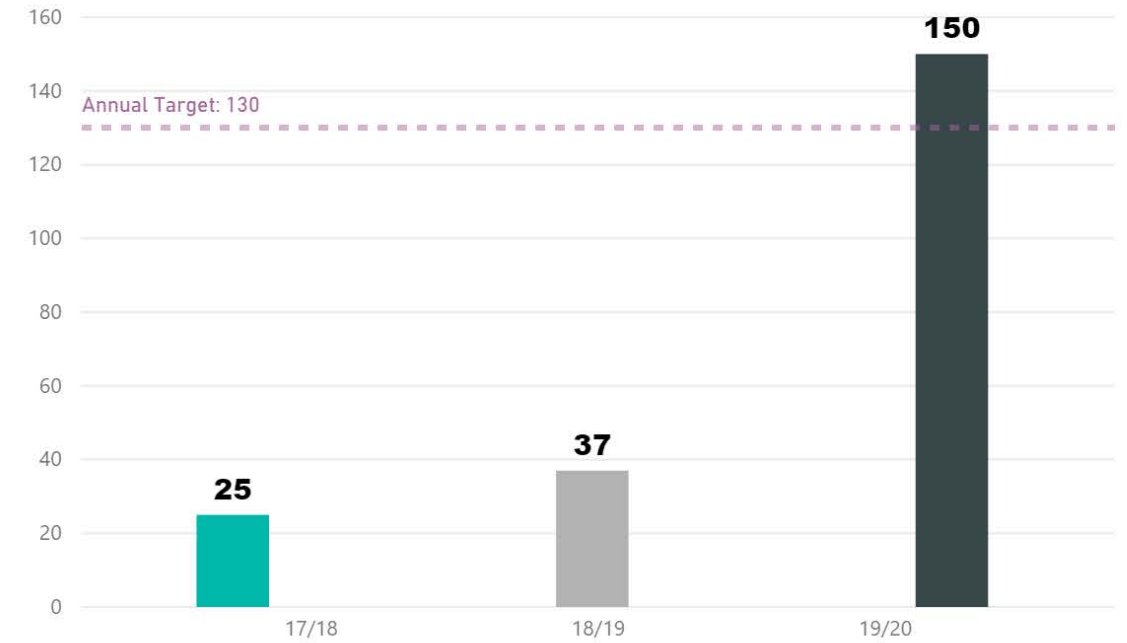
% of homes delivered on the strategic allocations compared to the LDP housing trajectory









## I) Affordable Homes




### APPENDIX 1

Number of affordable homes delivered





Supportive Outcome	Place Actions Plans	Status	Highlights/Low Lights	Target
C) Maintaining open spaces	Keep Britain Tidy 'Green Flag' award (well managed parks and open spaces)	At Risk 	Q2 - Service Priority has continued to be on Covid-19 and BAU.	Two applications submitted
C) Maintaining open spaces	Progress implementation of the Green Infrastructure Strategy [GINS] findings / projects - adopted by Council May 2019	On Track 	Q2 - GI projects being linked to CAMP, BrB and Health & Wellbeing projects. Proposed meeting with National Trust has not taken place due to ongoing Covid-19 (and particularly wide-ranging impacts on BAU and NT/Charity sector as a whole) Greenways/ex-railway related projects slowly developing, particularly around "re-use your railway" funding bid in relation to the Blackwater Rail Trail (ex- Maldon to Witham LNER line)	Progress priority approach to Green Infrastructure project delivery, with the support of Infrastructure Delivery Plan(IDP review/CIL funding)
D) Improved air quality	Development of AQMA Action Plan	Target Met 	Q2 - Progress on the AQMA delivery is progressing and has formed part of the Covid High Street Recovery meeting. Current Officer is due to conclude employment with MDC with replacement contract in place on a part time basis to take up this work stream.  Additionally, ECC has recently launched the Climate Action Committee which seeks to support some of the schemes proposed within the AQMA, such as pedestrianisation of high streets.	Council adoption in 2020
D) Improved air quality	Implementation of AQMA Action Plan measures	On Track 	Q2 - At present, initiatives like clean air day, have either been delivered or are pending.  Other initiatives/actions such as the completion of the "Destination Survey" by ECC are still outstanding/have been pushed back. The main reason for delay seems to arise from Covid related challenges and changes to ways of working, which has in turn affected ways of working. Timescales are being agreed.  The work streams which arise from the High Street Recovery Group, predominantly centre around consideration/implementation of traffic control measures and pedestrianisation of the High Street/Market Hill. It does not directly form part of the AQAP but compliments it and is therefore considered along with the Action Plan. At present, no dates have been set for delivery of an amended High Street however, Officers meet weekly to resolve various issues arising from Covid and the reopening of the High Street.	Implemented in accordance with agreed action plan time table.

Supportive Outcome	Place Actions Plans	Status	Highlights/Low Lights	Target
E) Protect our countryside and coastline	Development of a Blackwater Nature Conservation Strategy	On Track 	<p>Q2 - Virtual meeting of partnership group, Terrestrial and Marine streams, took place on 21st July. Next meeting scheduled for 10th November 2020.</p> <p>Significant changes to Environment Agency funding formula for Grant in Aid to allow for projects lined to wider environment and Climate Change will potentially enable some of the projects enabled by the Partnership. Impact of Covid-19 on charity sector &amp; NGO partners (funding, staffing etc) expected to be discussed at November meeting.</p> <p>Need for clear links to be established between this group and the emerging "Essex Coast Bird Aware" (formerly Essex Recreation &amp; Access Mitigation Strategy), in order to bridge 'gap' between Planning policy and on-the-ground delivery. Potential MDC opportunity to bid to host two staff Members funded by EssexRAMS under development.</p> <p>Tie in to Sense of Place development of a 'Coastal Guardians' project and tie in to proposed mobile Phone App (either via Essex CC 'paths to prosperity' or alternative)</p>	TBC
Environmental Initiatives	Develop and adopt an Environment and Climate Change Strategy	At Risk 	<p>Q2 - General discussions have taken place regarding the requirements of the Environment and Climate Change Strategy.</p> <p>While a draft strategy was delivered by a previous officer, follow up discussions suggested the scope needed to be increased. At present elements of waste management and schemes to support EV infrastructure need to be brought in.</p> <p>The strategy could also be affected by the newly formed Essex County Council Climate Action Committee, a 2 year undertaking, which has a number of schemes that could translate into District programme and should feature in the strategy (as an example The Essex Forest Initiative).</p>	Submit draft Strategy to Committee by December 2020






Supportive Outcome	Place Actions Plans	Status	Highlights/Low Lights	Target
F) Environmental Initiatives	Successfully deliver promotional campaigns to support a sustainable Place	Target Met 	<p>Q2 - It has been a very busy quarter and although Covid-19 has continued to dominate our Communications activity. We have managed to deliver and support a wide range of National and Local campaigns using our social media channels and website, some of which are Covid-19 ongoing activity. These have included;</p> <ul style="list-style-type: none"> <li>- Eat out to help out</li> <li>- Essex police illegal raves</li> <li>- SCRAP flytipping</li> <li>- Hands Face Space (on going)</li> <li>- BNF Healthy Eating Week</li> <li>- 2020 Annual Resident/Business survey</li> <li>- Test and Trace (on going)</li> <li>- Hand washing/face masks (on going)</li> <li>- Electoral register updates</li> <li>- Recycle week</li> <li>- World Suicide Prevention day</li> <li>- UK Transition / Brexit (on going)</li> <li>- High Street reopening / #WeAreOpen</li> </ul>	Deliver three campaigns annually
H) Strategic sites development	Infrastructure delivered in relation to the strategic allocations in accordance with Policy S3 and S4 and the negotiated and signed S.106 agreements	Under Review 	<p>Q2 The s106 Officer continues to establish improved contact with main developers land agents and is starting to generate requests for payment using a new billing process agreed with Finance. The requests are only capable of being rendered at agreed trigger points and some of these have been held back due to Covid related delays with construction.</p> <p>With doubts about employment and continuing job security the developers may also decide to hold off completions to time their new homes arrival to the market. The Council's Officer Implementation Group has met for the first time in 18 months and will maintain an overview of these issues.</p>	Delivery in accordance with the Infrastructure Delivery Plan
J) Section 106 planning agreements effectively discharged	All s106's are monitored in accordance with the signed legal agreement	On Track 	<p>Q2 All of the site visits have now been completed and the s106 is working through the findings, currently to identify outstanding actions and payments that are required.</p> <p>The Council's spread sheets have been reviewed and the records subdivided to show active sites more clearly. The active sites being monitored are now reduced from 354 (with 582 open clauses) to 71 ( with 231 open clauses) The remaining sites whose records must be retained due to agreements in perpetuity have been searegated out to alternative sheets.</p>	100% implementation



Supportive Outcome	Place Actions Plans	Status	Highlights/Low Lights	Target
K) Maintaining coastal defences	To monitor delivery of the agreed 2019 Maldon District Strategic Flood Projects and Maintenance Plan and maximise grant opportunities towards local coastal defences.	On Track 	Q2 - Flood groups have now been reconvened and this work stream is beginning to be looked at in more detail.  We have yet to receive the ECC report on flood risk for The Causeway area.  A recent Flood Risk Audit highlighted risks in relation to lack of Officer knowledge due to staff changes following Ignite. Suggestions were made regarding initiating training and engaging with partners. Recruitment of the previous flood risk lead, is hoped it will be able to help pass on knowledge and refocus the flood risk work stream	80% of works/maintenance projects put forward annually are completed in accordance with the project timescales
L) Improved access to Superfast Broadband	To work with Partners to accelerate and maximise the rollout of Superfast Broadband across premises in the District.	On Track 	Q2 - Superfast Essex Broadband Programme continues to make progress in reaching targeted residential and commercial premises. As at 31 August 2020 the planned % coverage in the Maldon District is at 96%. The Superfast Essex Broadband Programme ends December 2021 with forecasted coverage in the Maldon District at 98.2%.	99% superfast broadband coverage by December 2021.

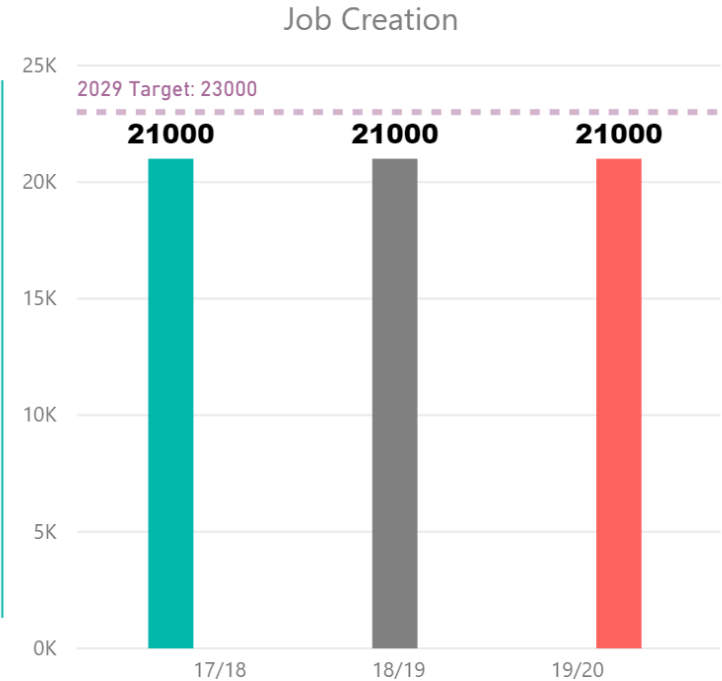
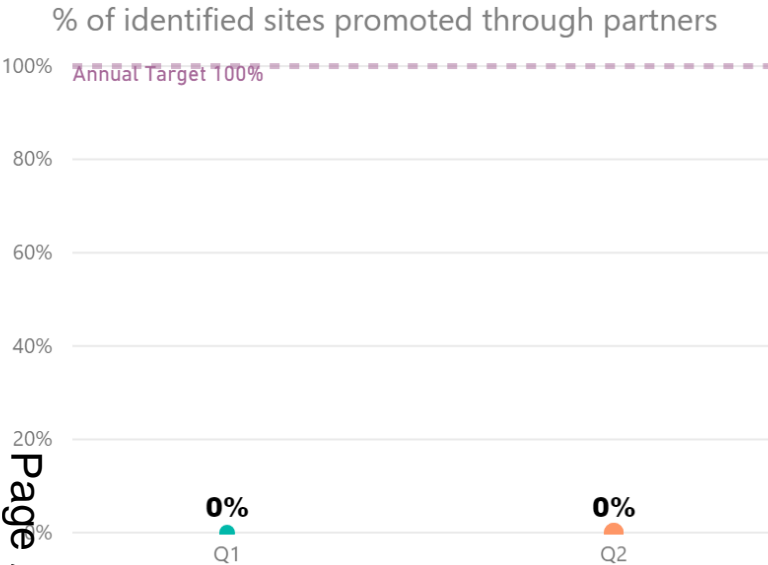


## Prosperity Outcomes

Reference	Title	Status	Commentary
A	 Delivery of strategic employment sites in accordance with the Local Development Plan	At Risk	Q2 - No update on Q1. In March 2020 Essex County Council ended the commission of Invest Essex. Further progress been hampered owing to prioritising COVID response and recovery. The future delivery of inward investment work by ECC is not yet known. An alternative delivery approach is being developed by officers.
B	 Partnership working to provide an Enterprise Centre	Under Review	Q2 -Under review as to whether the right approach. Officer working group reviewing alternative options for delivering enterprise support locally
C	 Rural business and diversification supported	On Track - Conditional Elements	Q2 - The need to support rural/district businesses in the creation of the Bradwell B supply chain has been identified as part of BRB engagement and part of the approved Sense of Place - Place Plan. Activity on hold owing to response to COVID19
	 Tourism supported and encouraged	On Track - Conditional Elements	Q2 - Limited promotional activity has resumed in line with government restrictions.
	 Efficient and effective engagement with businesses	On Track - Conditional Elements	Q2 - Work is continuing with the Maldon Business Board who have been critical in steering and supporting the Covid recovery. Work is underway to develop the Maldon District Business Network via linked groups and social media. Progress has been slowed by COVID19 outbreak but will continue and will support economic recovery. Work is progressing with strategic and key partners, and business groups.

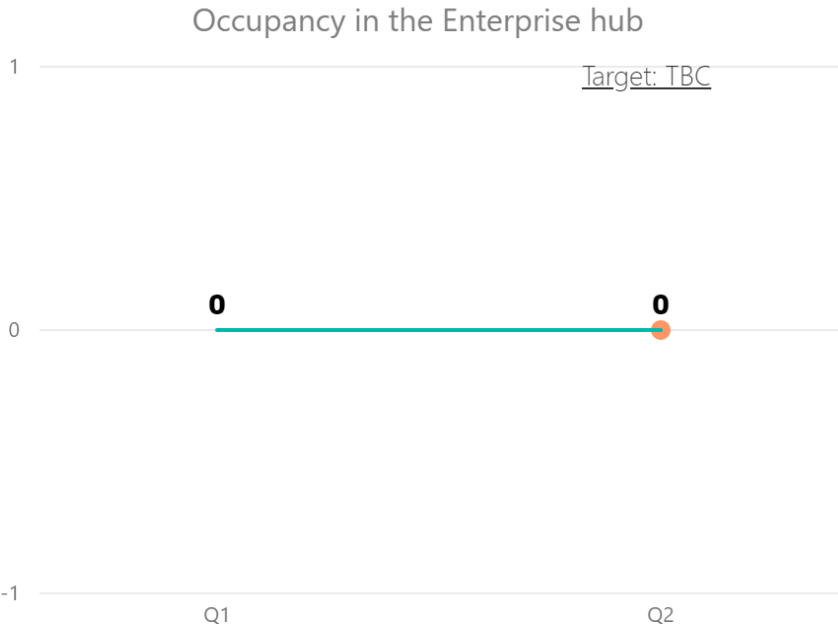
Prosperity performance measures

A) Delivery of strategic employments sites

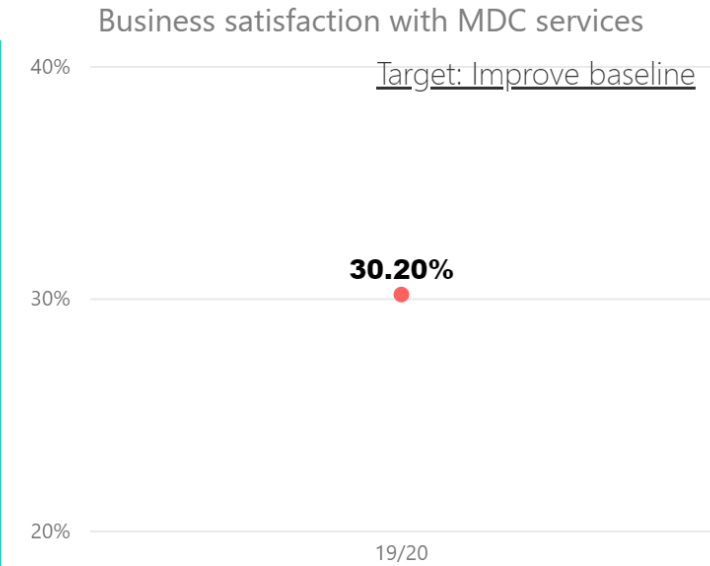
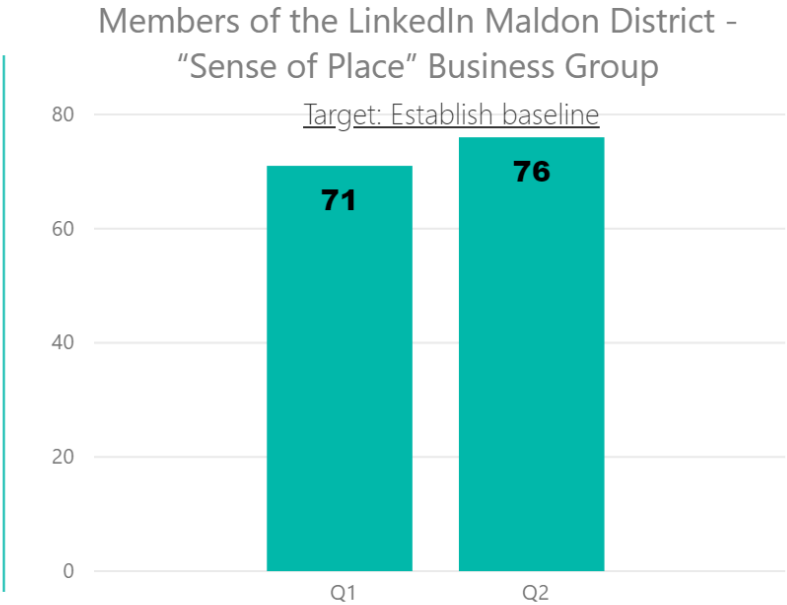
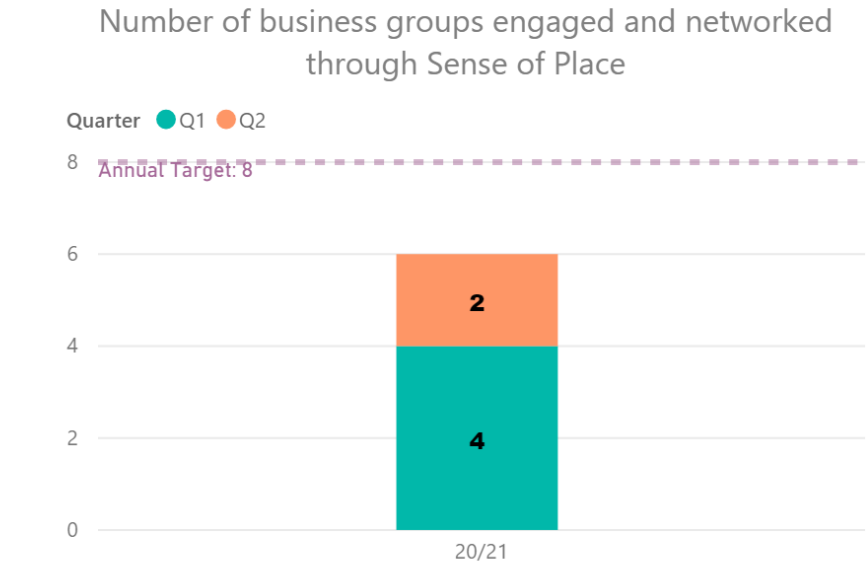


B) Partnership working to provide an Enterprise Centre

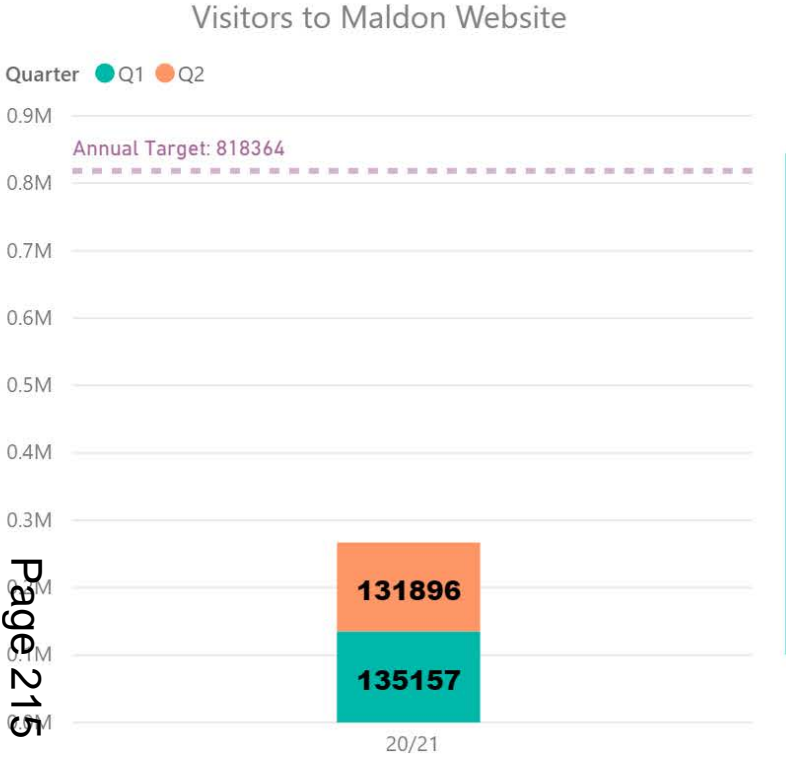
APPENDIX 1








E) Efficient & Effective engagement with Businesses



D) Tourism supported and encouraged



Supportive Outcome	Prosperity Actions Plans	Status	Highlights/Low Lights	Targets
B) Partnership working to provide an Enterprise Centre	Deliver Enterprise Centre	Not Started 	Q2 - Currently there are no resources allocated to the delivery of this project	Enterprise Centre delivered by 2025
B) Partnership working to provide an Enterprise Centre	Deliver Enterprise Hub based in Maldon District Council's building	Not Started 	Q2 - Due to COVID all planning for this is currently on hold	Enterprise Hub delivered by 2020
C) Rural and coastal business supported	Bradwell B project	On Track 	Q2 - The Socio-economic workstream is progressing on track and officers and Members remain engaged with BRB	Engagement with BRB through the Bradwell B Development Consent Order process
C) Rural and coastal business supported	Establish Maldon Rural Business Growth Strategy	On Track 	Q2 - No update from Q1. Project remains on track  Q1 - The Establishment of a Maldon District Rural Business Growth Strategy is identified for delivery as part of the Sense of Place - Place Plan which is now approved by the Place Board. Progress has been hindered by the response to Covid-19 and the delay in recruiting the SoP Coordinator, but remains on track.	Contractual SoP Objectives met

Supportive Outcome	Prosperity Actions Plans	Status	Highlights/Low Lights	Targets
D) Tourism supported & encouraged	Digital Tourism campaigns delivered	Target Met 	<p>Q2 - The team have developed or participated in a number of Tourism campaigns over the last quarter despite the ongoing restrictions of Covid-19. These have included;</p> <ul style="list-style-type: none"> <li>- #EscapeTheEveryday (supporting Visit England National campaign)</li> <li>- River safety</li> <li>- Great adventures close to home (supporting Visit Essex campaign)</li> <li>- Promenade Park play site consultation</li> <li>- #CycleSeptember (supporting Love to ride campaign)</li> <li>- Heritage open days</li> <li>- Wind in the willows at Braxted Park</li> <li>- VJ Day 75 promotion</li> </ul>	5 Campaigns annually

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## **REPORT of DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

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

### **QUARTERLY REVIEW OF CORPORATE RISK**

#### **1. PURPOSE OF THE REPORT**

- 1.1 The Risk Management Policy requires this Committee to undertake a quarterly review of the Corporate Risk Register as assurance that the corporate risks are being managed effectively. **APPENDIX 1** is attached to the report for this purpose.

#### **2. RECOMMENDATIONS**

- (i) That Members note the change in scoring in this report, to reflect recent policy updates;
- (ii) That Members review the Corporate Risk Register in **APPENDIX 1** and provide comment and feedback for consideration;
- (iii) That Members are assured through this review that corporate risk and is being managed effectively;
- (iv) That Members challenge risk where the Committee feels that the Council's corporate goals may not be achieved.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 At the Performance, Governance and Audit Committee (PGA) on 28 November 2019, the Committee approved an updated Risk Management Policy to address internal audit recommendations, including moving to a five-point scoring scale. A copy of the current guidance can be found on Freshservice.

<https://maldon.freshservice.com/support/solutions/articles/50000007160-risk-management>. For clarity, **APPENDIX 1** also includes risk scoring criteria for the new five-point scale.

- 3.2 **APPENDIX 1** shows a table of the Corporate Risk Register, the latest ratings and officer commentary.

3.2.1 Summary of risk direction / changes since Quarter One (Q1)

- There is one risk that has seen a decrease in score: R26.

- There is one risk that has seen an increase in score: R25.
- There are three risk that have been recommended for closure: R12, R24, R26

#### 4. CONCLUSION

- 4.1 Overall, no major Corporate Risk Register concerns have been raised. Work continues to ensure risks are mitigated, and where possible, working towards their closure.

#### 5. IMPACT ON STRATEGIC THEMES

- 5.1 It is important that risk is monitored and managed effectively, to ensure that Maldon District Council progresses towards and/ achieves its stated outcomes.

#### 6. IMPLICATIONS

- (i) **Impact on Customers** – Those risks in the Corporate Risk Register are defined as having a wider impact on our customers and delivery. The monitoring and mitigation of these will reduce the impact on customers.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – If risk is not managed effectively by the Council, it puts the Council's strategic delivery at risk and increases unnecessary exposure to potential, operational, reputational or regulatory consequences.
- (iv) **Impact on Resources (financial)** – All risk management is undertaken within existing planned budget. Exceptions being for a potential enactment of a recommendation outside of pre-defined resource.
- (v) **Impact on Resources (human)** – All risk management is undertaken within existing planned budget. Exceptions being for a potential enactment of a recommendation outside of pre-defined resource.
- (vi) **Impact on the Environment** – None.
- (vii) **Impact on Strengthening Communities** – None.

Background Papers: None.

Enquiries to: Paul Dodson, Director of Strategy, Performance and Governance.



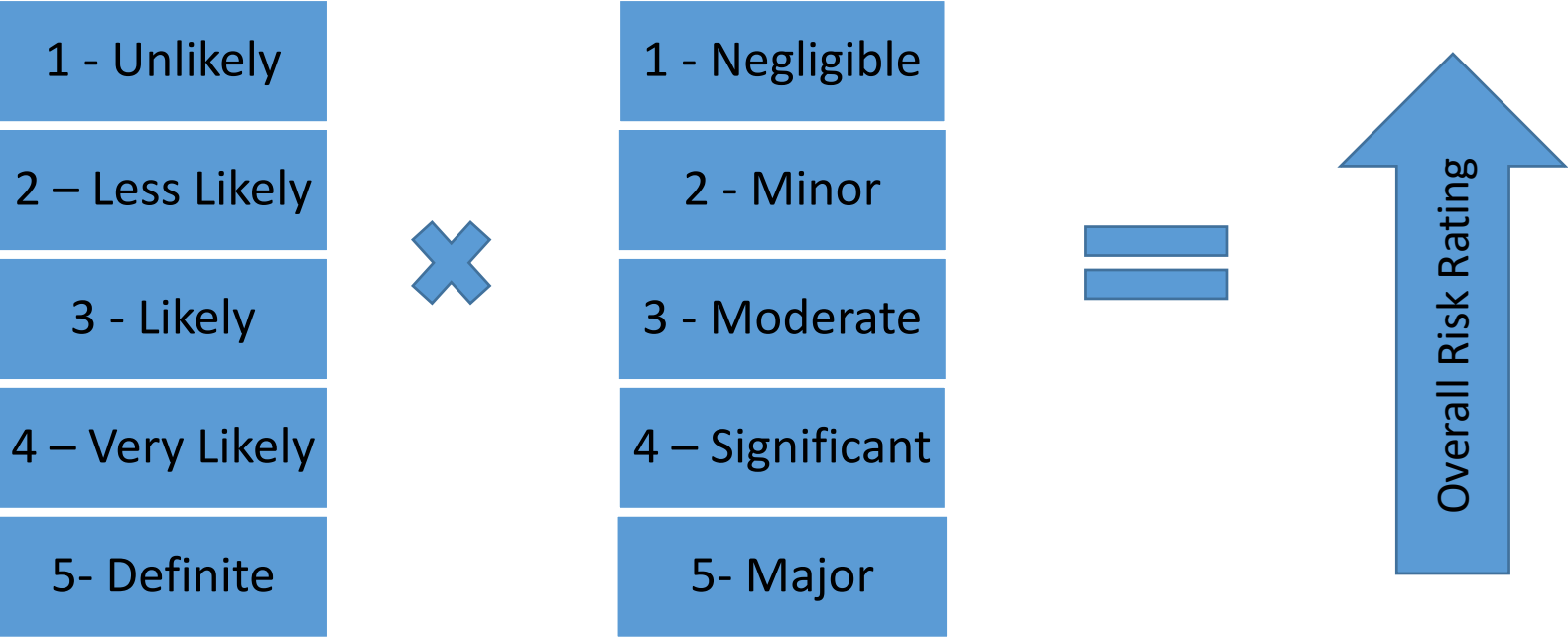
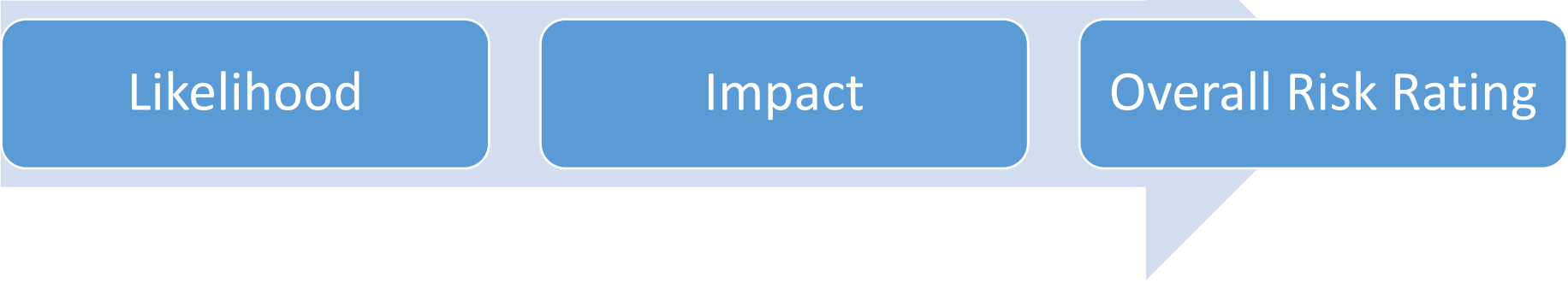
# Corporate Risk Report Q2 – Appendix 1

23<sup>rd</sup> October 2020

\*Please note risks are sorted in 'Overall Risk Rating' descending order\*



# Risk Assessment Scale



Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R15	Failure to plan and deliver balanced budgets over the medium term	4	5	20	Risk Rating Unchanged	Q2 - The MTFS is constantly being updated and reported to Members. There is a significant financial impact as a result of COVID-19 but in the short term there are sufficient reserves to address this. The longer term impact is uncertain and the position is being monitored and reported.
R7	Failure to maintain a 5 year supply of Housing Land	4	5	20	Risk Rating Unchanged	Q2 - The 5YHLS is being finalised, but its likely the threshold will not be reached. Housing supply will be in the region of 4.8 years, subject to confirmation. Officers are working on mitigations.
R8	Failure to meet the affordable housing need	4	5	20	Risk Rating Unchanged	Q2 - Strategic site was subsequently approved so that impact has been mitigated. Still looking to bring forward new opportunities to meet the affordable housing demand.
R9	Failure to have a coordinated approach to supporting inward investment and maximising business rate growth	4	5	20	Risk Rating Unchanged	Q2 – Covid-19 remains the dominant force on the economic landscape and the full impact and implications of pandemic and related restrictions continue to be unknown. Data is starting to show the recent and current impact as very significant for the Maldon District businesses and future growth. The Covid-19 Economic Response and Recovery Plan is in pace and actions are being progressed. Essex County Council has yet to confirm their future approach to inward investment post-Invest Essex. An alternative delivery approach is being developed by officers. The development of an Enterprise Centre is part of the approved Place Plan and linked to DCO engagement for Bradwell B. A project concept proposal has been shared with partners and will be progressed for formal consideration.
R23	Financial resource and process issues	4	4	16	Risk Rating Unchanged	Q2 - The finance function is stable and there is one vacancy within the team. Following recruitment to the post and continued stability the likelihood rating will be recommended to be reduced.
R25	Failure to deliver finances associated to transformation programme.	4	4	16	Risk Rating Increased	Q2 - MTFS being reviewed - Impact of Covid on commercial income means commercial income and unidentified savings unlikely to be achieved

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R5	Failure to deliver the required infrastructure to support development arising from the LDP	4	4	16	Risk Rating Unchanged	Q2 - S106 monitoring and negotiation continues on strategic housing allocations to deliver necessary infrastructure in accordance with LDP. IDP Review progressing.
R1	Failure to safeguard children and vulnerable adults	3	5	15	Risk Rating Unchanged	Q2 - The Safeguarding Audit was completed in Aug 20. We are awaiting the written recommendations. Early suggestions are to implement a case management system, re-establish internal and external partnership meetings
R3	Failure to target services/influence partners effectively to support identified housing needs of increasing aging population	3	4	12	Risk Rating Unchanged	Q2 - Further general discussions have taken place about the use of commuted sums to purchase assets which can be used for development. We are also continuing to work with MHCLG regarding additional grants
R4	Failure to influence Community Safety partners to address the key areas of public concern (including rural crime) and the negative perception of crime	3	4	12	Risk Rating Unchanged	Q2 - The Council continues to work in partnership to address the main areas of public concern relating to crime and the fear of crime. No change.
R10	Failure to develop jobs to support the growing population	3	3	9	Risk Rating Unchanged	Q2 – Covid-19 remains the dominant force on the economic landscape and the full impact and implications of pandemic and related restrictions continue to be unknown. Data is starting to show the recent and current impact as very significant for the Maldon District businesses and future growth. The Covid-19 Economic Response and Recovery Plan is in pace and actions are being progressed. Engagement with business groups continue to be a significant focus of work to support recovery. Work is progress on the Sense of Place Plan including engagement with strategic partners to develop initiatives and actions to ensure we support the creation of jobs for our growing population through investment and business growth.

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R14	Unable to recruit and retain staff with specific skills sets in specialist areas to meet the demands of the service(i.e.) Planners	3	3	9	Risk Rating Unchanged	Q2 - The Council has adapted recruitment processes during Covid-19 and has now broken the links requiring physical attendance full time within the Council Offices to allow a greater range of candidates to choose from. This only applies to some suitable roles (mainly specialists) Recruitment into specialist posts remains challenging (hence the change to our recruitment criteria) and officers continue to monitor vacancies on an ongoing basis
R11	Failure to protect personal or commercially sensitive data	2	4	8	Risk Rating Unchanged	Q2 - Data Protection training completed by 79% staff. Document Retention Policy updated. Paper files being scanned and destroyed in order to improve security.
R2	Failure to target services and influence partners with the aim of having an effective outcome on the identified (health and wellbeing) needs of the vulnerable population	2	4	8	Risk Rating Unchanged	Q2 - As mentioned in previous reports, we are still at risk of not being able to target services where our most vulnerable residents are and what a priority is for them now until we receive post-COVID-19 data from PH and ECC bodies. It is still too early to understand the full impact COVID-19 has had on our most vulnerable residents. However, a report published by Public Health Intelligence of Essex County Council into themes related to health inequalities and COVID-19, and Essex Residents Survey 2020 may provide some insight into areas we may have to consider going forwards. The report by Public Health Intelligence of Essex County Council indicates that Maldon residents may have heightened risk to COVID-19 due to higher prevalence of specific illnesses and conditions, most notably obesity, depression and mental health in the District. These are areas that have been incorporated into the health and wellbeing priorities for MDC but we may have to increase our focus on these areas going forward. In the Essex Residents Survey 2020, published in September, Maldon residents suggested they were most worried about their health and fitness and mental health and wellbeing. This may also indicate the Council health and wellbeing focuses going forward. Partnership working has remained strong throughout Q2 and will be imperative moving forward to mitigate future risks. Public Health Intelligence at Essex County Council, 2020. Health Inequalities And COVID-19. Essex County Council.

Title	Risk Description	Likelihood	Impact	Overall Risk Rating	Rating direction	Commentary
R29	Failure to deliver services as a result of COVID- 19	2	4	8	Risk Rating Unchanged	Q2 - The Council has maintained services throughout the pandemic by adapting and changing the way we interact with Customers. The Council has moved to on line service provision where it is able to do so. Face to face service provision has increased from October with customers able to book appointments with officers at the main Council Offices. Similar greater access has been provided for customers of the CAB and Police who share reception facilities. CLT working with managers continue to review performance through the use of a balanced score card system to ensure customer service is maintained during these challenging times.
R11	Failure to manage impact of organisational change	2	3	6	Risk Rating Unchanged	Q2 - No change - risk monitored through balanced scorecard and resources adjusted where needed to address pressures through Covid
R10	Corporate policies not managed and reviewed	2	2	4	Risk Rating Unchanged	Q2 - No Change
R26	Failure to deliver channel shift, through lack of customer engagement or undelivered processes	1	4	4	Risk Rating Decreased	Q2- Significant channel shift achieved and embedding as a result of Covid working arrangements.
R12	A Committee structure which is not cost effective	1	3	3	Risk Rating Unchanged	Q2 - No Change
R24	Loss of key skills and knowledge across the organisation, and failure to embrace new working cultures.	1	3	3	Risk Rating Unchanged	Q2 - No Change





## **REPORT of DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

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

### **SECTION 106 UPDATE REPORT AND THE FIRST MALDON DISTRICT COUNCIL INFRASTRUCTURE FUNDING STATEMENT**

#### **1. PURPOSE OF THE REPORT**

- 1.1 This report provides an update to Members on progress with S106 service delivery, as indicated at the June meeting of The Performance and Governance and Audit Committee. A draft Infrastructure Funding Statement (IFS) is attached for Members consideration as **APPENDIX 1**.

#### **2. RECOMMENDATIONS**

- (i) Members note the content of this report, the format and layout of the Draft Infrastructure Statement (IFS)
- (ii) Members accept the need for further preparation work on the content of the IFS and agree that the final version be signed off and submitted by the Director of Strategy, Performance and Governance, in consultation with the Chairman of Performance, Governance and Audit Committee.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 The Section 106 Officer has largely completed the process of reconciling and simplifying the Council's record of Agreements and clauses. This process coupled with the delayed site visits, now completed, has identified where developers have needed to take actions or make payments in order to meet their commitments.
- 3.2 The Draft Infrastructure Funding Statement in **APPENDIX 1** is indicative of the final document whose table must be populated with information in the run up to publication.
- 3.3 Members should confirm the route for sign-off of the Infrastructure Funding Statement.
- 3.4 The government's guidance suggests "The infrastructure funding statement must set out the amount of levy or planning obligation expenditure where funds have been allocated. Allocated means a decision has been made by the local authority to commit funds to a particular item of infrastructure or project." It also recommends that "authorities report on the delivery and provision of infrastructure, where they are able

to do so. This will give communities a better understanding of how developer contributions have been used to deliver infrastructure in their area.”

#### **4. CONCLUSION**

- 4.1 The reintroduction of the Infrastructure Implementation Group for officers has provided the opportunity for closer collaboration on the monitoring process. This will be reflected in an improved presence for S106 information on the Council’s web pages. This additional transparency will be of benefit to Developers, the local community, our partner agencies and members.
- 4.2 Preparation of the Council’s first IFS is an important stepping stone in this process and its confirmation and publication will represent the start of a more transparent and easily accessed approach to the governance of S106. Dates will shortly be provided for the New Year 2021 to engage Members in a Webinar to take them through these processes more closely.

#### **5. IMPACT ON STRATEGIC THEMES**

- 5.1 S106 projects contribute to the delivery of all of the Councils Strategic Themes, through funding of projects to mitigate the impact of development.

#### **6. IMPLICATIONS**

- (i) **Impact on Customers** – None
- (ii) **Impact on Equalities** – None
- (iii) **Impact on Risk** – None
- (iv) **Impact on Resources (financial)** – S106 is essential to resourcing the Infrastructure Delivery Plan
- (v) **Impact on Resources (human)** – None
- (vi) **Impact on the Environment** – None
- (vii) **Impact on Strengthening Communities** - None

Background Papers: None

Enquiries to: Stephen Andrews, S106 Officer.



## APPENDIX 1

### **INFRASTRUCTURE FUNDING STATEMENT (IFS) - 2019/20**

Maldon District Council's first annual report on income and spending on planned Infrastructure funded or delivered by S106 agreements and financial obligations

#### **1. Introduction**

##### **1.1: About this statement**

The Maldon District Council Infrastructure Funding Statement sets out the reporting year's income and expenditure relating to the developer funding raised from section 106 (S106) agreements. The IFS reporting year runs from 1 April to 31 March 2019-2020.

The Council is currently preparing further evidence in anticipation of adopting the Community Infrastructure Levy and any payments received from CIL in future years will be addressed in future versions of this statement.

As a result of changes to government guidance set out in the Planning Guidance on Planning Obligations. (1<sup>st</sup> September 2019) Councils are now required to produce an infrastructure funding statement on an annual basis and not later than 31<sup>st</sup> December each year.

CIL and S106 are collectively known as "planning obligations" or "developer contributions" and as explained above the Council does not gather CIL, as yet. This year's statement relates to S106 income. This income is used to help fund the infrastructure provided in association with new development and which helps to maximise the benefits and opportunities from growth. Infrastructure will include the delivery of affordable homes and other community facilities such as play parks, open space and youth provision.

Essex County Council are responsible for gathering developer funding for other important elements of our infrastructure

- Early Learning and Primary Schools
- Secondary Education
- Highways improvements
- Transport Planning
- Cycling and walking initiatives – shared with Maldon District Council

In addition, the District will consult with health care providers working within the district and (subject to approval through the Local Plan process) the Council will seek developer contributions to improve local services so that additional development and their new residents do not create an unacceptable additional demand on the existing service. The District can receive developer funding and make this available to the Health Services as and when it is required or in some circumstances the funding can be paid direct to the health care provider.

Covid-19 has not affected the Council's work in the reported year significantly as "lockdown" only started in the last month of the reporting year. Some monitoring visits were prevented in March 2020 but these will have only gathered a limited number of additional payments and there will be compensatory income taken forward into the next reporting year.

## APPENDIX 1

Maldon District Council went through a significant series of changes during the reporting year when a new approach to the Council's administration and staffing structures were being completed. This saw a number of staff assuming responsibility for the S106 monitoring role and this caused some disruption to the monitoring processes. A current programme of account reconciliation and collaboration with partner agencies is underway to ensure that the Council's accounts are robust.

Sections 2 and 3 of this statement sets out the limited progress in the collection and spending of S106 income over the last reporting year (2019 / 2020).

Section 4 sets out S106 planned expenditure over the next reporting period (2021/22) based on the existing infrastructure delivery plan. It should be noted that the Council is also updating this infrastructure plan in readiness for the CIL hearings prior to adoption.

### Section 2 - Section 106 Income

The existing s106 agreement income is being gathered with a view to completing the infrastructure plan adopted to accompany the adopted Maldon Local Plan ([LINK here please](#))

This provides for the following key infrastructure projects.

#### Bullet Points


- Roads
- Specific projects
- Community facilities x,y,z.



Other projects are planned by our partner agencies who will gather funding together to create a large enough saving to pay for new facilities during the plan period. This sort of funding is usually controlled by a formula overseen by a central government department and is related to the number of schoolchildren or possible people likely to need health services.

In the reporting year the Maldon Council received the following incomes in these categories.

## APPENDIX 1

<ul style="list-style-type: none"> <li>• Education Income</li> <li>• Health Income</li> </ul> <p>Note: Some payments are made direct to the partner organisation and they will be responsible for reporting their own income and expenditures from developer funding</p>	
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In addition, there are other projects that are being run throughout the plan period which provide more local facilities and these can be delivered either by a developer contribution (with the Council or a partner providing the infrastructure) or - instead of a contribution - a developer can provide a specific facility like a play park or youth facility within the site, delivered as part the development.

List of facilities like this in 2019/20	
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The most significant type of on-site provision will usually relate to the number of new homes provided to meet the affordable housing need in the District. The Council's Planning policy encourages developers to build up to 25% - 40% (depending on location in the district) affordable homes to be delivered on development sites wherever possible. In some circumstances this may not be possible and then an agreed financially equivalent sum of money may be paid as a contribution (in lieu of on-site provision) to help build other affordable housing schemes elsewhere within the district.

Affordable homes are defined in the Local Plan policies and in the NPPF (National Planning Policy Framework 2019) but do not include homes that are made available on the free market with a government subsidy (such as the "Help to Buy" scheme) to the first owners of new homes. Rather, they are for local people and / or "key workers" who might not be able to get access to open market homes.

In 2019/2020 the Council achieved the following new affordable homes

Latchingdon Park, Burnham Road, Latchingdon	13	Colne/Iceni	
Pippins Road Burnham	23	CHP	
Wycke Hill Maldon	32	CHP	
Grangewood Park	23	CHP	

## APPENDIX 1

Southminster Road Burnham			
Bentall Place Heybridge, Holloway Road, Heybridge	25	CHP	
Maldon Road Burnham (S2(i))	14	Estuary Housing Association	
Broad Street Green (2nd phase) Sharpe's Meadow	20	Estuary Housing Association	
Total	150		

This represented 32.5 per cent of the total number of new homes and provided approximately £24,710,000 equivalent value to the Registered Providers approved by Homes England who will manage and maintain them for current and future residents.

### Section 3 – Section 106 Expenditure / Outgoings

The Council's accounts show that £ZZZ was spent or delivered to partner agencies as follows.

List... <ul style="list-style-type: none"> <li>• Our own projects assessment of spend</li> <li>• Money paid in and out to eg Health</li> </ul> Note again money paid direct ...Here.	
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### Section 4 - S106 planned expenditure

The Council published its Infrastructure Delivery Plan (IDP) in 2014 to stand alongside the Maldon Local Plan. Both were tested at inquiry and the Local Plan was adopted in 2017. Although updates are currently being prepared in support of CIL adoption processes they are not ready for publication prior to the reporting date of the 31<sup>st</sup> December 2020. This IFS will therefore maintain the Council's commitment to the IDP used in the preparation of the adopted Local Plan for the purposes of continuity.

The existing IDP can be found here. [LINK insert here please.](#)

## 5 - Conclusions

## **APPENDIX 1**

New governance arrangements – The Council has undergone a root and branch transformation including business process re-engineering. The Council's Infrastructure Implementation Group is currently being reconstituted following the reorganisation and will be seeking a step change in our approach to the planning and delivery of our infrastructure. It must do this in closer collaboration with the partner agencies if it is to deliver in appropriate order and to a timetable which does not undermine existing services while the District is undergoing significant growth and change.

S106 receipts are expected to increase over the coming years in response to rising levels of planned development and as the Council completes its reconciliation process to catch up with the period of reduced monitoring. Spending levels will then need to be closely monitored to take account of changing priorities and the phasing requirements of development.

This first IFS will be published to the Councils Web Pages as anticipated by the Regulations and guidance but in addition the Council will be making every effort to make on line information more readily available throughout the next year.

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## **REPORT of DIRECTOR OF SERVICE DELIVERY**

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

### **HEALTH AND SAFTY UPDATE FOR QUARTER 2**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To provide an update on health and safety statistics and activity during quarter 2 (1 July 2020 to 30 September 2020).

#### **2. RECOMMENDATIONS**

- (i) To note the accident and incident statistics; and,
- (ii) to note the health and safety activity for quarter 2.

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 There were 3 accidents during the quarter: 2 involving staff within the Parks team, consisting of a cut when handling waste and a sprain; 1 involving a member of the public. An 18-month old child fell down a hole where soil erosion had occurred around Marine Lake in Promenade Park. As the child sustained a fracture, this accident was reported to the Health and Safety Executive (HSE). Measures were taken to prevent further accidents.
- 3.2 There were 4 incidents of unacceptable behaviour: 1 in Housing; 1 in Waste and 2 reported by other agencies.
- An HSE inspector contacted the Council and requested a meeting to discuss what he had reviewed around the management of hand arm vibration (HAVS) within the Parks team, the concerns he had, and the action required at this stage. This meeting was held in early October. As a result, a number of actions were agreed including:-
    - Equipment test & employee training being undertaken during November
    - HAVS individual employee assessments to be updated and these have been undertaken and completed accordingly.

### 3.3 Health and Safety Action Plan for 2020-21

- **Action:** to review all the corporate health and safety procedures falling due during 2020-21, ensuring they are relevant to the structure following transition and to update the health and safety policy.  
**Update:** this work has not yet begun as resources are being targeted at reactive work and dealing with the on-going pandemic.
- **Action:** to update and amend risk assessments for service delivery, in particular, to give priority to the Parks Team due to the high level of risk and outdated procedures, if necessary, contracting external assistance to complete the task.  
**Update:** work has not yet begun on the risk assessments (RA) for the routine hazards and risks and current procedures. However, the Council continues to adhere to current documentation. | Adaptation of current RA's to ensure COVID compliance has been undertaken for the office and off-site activities to ensure the public, partners and staff are able to use council facilities safely and in accordance with Government guidance and legislation. External support is being sought to accelerate the RA review over this winter, ready for the 2021 season.
- **Action:** to deliver health and safety training where required, in particular, first aid training.
- **Update:** first aid training was organised for Community Engagement Advisors, Caretakers and the Parks team during October 2020.

## 4. CONCLUSION

- 4.1 There has been very little proactive work on the health and safety action plan during quarter 2, due to COVID restrictions however, measures are in place for some of this activity to begin in quarter 3, e.g. first aid training and the management of the risks from hand and arm vibration within the Parks team and risk assessment training for all staff. Bi monthly socially distant H&S meetings are held now with the team to maintain management contact. As a result, improvements are emerging in relationships and meeting staff needs (i.e. improved wet weather clothing). A full update will be provided at the end of Q3.
- 4.2 Officers have undertaken Covid Secure risk assessments for their service areas which have been amended following updated legislation and guidance.

## 5. IMPACT ON STRATEGIC THEMES

- 5.1 Managing health and safety well helps protect the workforce and wider community who may be affected by the Council's activities ensuring that communities stay safe and healthy.

## 6. IMPLICATIONS

- (i) **Impact on Customers** – Good health and safety management reduces the number of accidents and injuries to both customers and employees alike.



Reduced staff absence resulting from work related injuries or ill health ensures a better service is provided to customers.

- (ii) **Impact on Equalities** – None
- (iii) **Impact on Risk** – Poor management of health and safety can lead to accidents, injuries, occupational ill health or dangerous occurrences. This may result in avoidable sickness absence and these incidents may be investigated by the Health and Safety Executive (HSE). This could result in prosecution with fines or custodial sentences and an award of costs if found guilty by the courts. In addition, the HSE has adopted a “Fee for Fault” policy in which it recharges the cost of investigations if liability is identified. Civil claims by individuals could lead to significant pay outs which in turn could lead to increased insurance premiums. It can also lead to poor publicity, reputational damage and impacts on staff morale.
- (iv) **Impact on Resources (financial)** – No additional resources required, however, by managing health and safety, there should be less impact on financial resources as identified in (iii) above.
- (v) **Impact of Resources (human)** – No additional resources are required, however, by preventing accidents and ill health, there should be less impact on human resources.
- (vi) **Impact on the Environment** – Good health and safety management of the workplace, for example, management of asbestos and legionella, helps provide a safer and healthier environment in which to live and work.
- (vii) **Impact on Strengthening Communities** - None

Background Papers: accident and incident reports (data protected)

Enquiries to: Gill Gibson, [gill.gibson@maldon.gov.uk](mailto:gill.gibson@maldon.gov.uk)

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## **REPORT of DIRECTOR OF STRATEGY, PERFORMANCE AND GOVERNANCE**

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

### **APPOINTMENT OF REPRESENTATIVES ON LIAISON COMMITTEES / PANELS**

#### **1. PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to remind Members of the existing representatives on Liaison Committees / Panels, and for new appointments to be made for 2020/21.

#### **2. RECOMMENDATION**

- (i) That the Committee appoints representatives to the outstanding bodies detailed below, for the remainder of the municipal year, to May 2021;

#### **3. SUMMARY OF KEY ISSUES**

- 3.1 Members are asked to nominate representatives to serve on the following Liaison Committees / Panels, aligned to the Performance, Governance and Audit (PGA) Committee, for the remainder of the municipal year, to May 2021.

<b>Body</b>	<b>Current Representative(s)</b>	<b>Change proposed from November 2020</b>
Maldon Citizens Advice Bureau Liaison Committee	Councillor E L Bamford, Mrs P A Channer and K W Jarvis	Three Members from the Performance, Governance and Audit Committee
Maldon District Museum Liaison Committee	Councillors E L Bamford and M F L Durham	Two Members from the Performance, Governance and Audit Committee
Parish Clerk's Forum	Chairman of the Performance, Governance and Audit Committee  <i>Substitute: Vice-Chairman of the Performance Governance and Audit Committee</i>	Chairman of the Performance, Governance and Audit Committee  <i>Substitute: Vice-Chairman of the Performance, Governance and Audit Committee</i>
Places for People Liaison Committee	Councillors E L Bamford and Miss S White  <i>Substitute: Councillor Mrs M E Thompson</i>	Two Members from the Performance, Governance and Audit Committee  <i>Substitute: One Member of</i>

Body	Current Representative(s)	Change proposed from November 2020
		<i>the Performance, Governance and Audit Committee</i>
River Crouch Coastal Community Team (Management Team)  <b>NB: This body aligns with both the PGA and Strategy &amp; Resources Committees</b>	Chairmen and Vice-Chairmen of the Performance, Governance and Audit and Strategy & Resources Committee	Chairmen and Vice-Chairmen of the Performance, Governance & Audit and Strategy & Resources Committee

Background Papers: None.

Enquiries to: Berna Casey, Committee Services Officer.