

Audit and Risk Committee Agenda

29 July 2020 at 7pm

Remote Meeting

Membership

Councillor N.M. Walsh (Chair)

and Councillors

D.J.R. Clark, P.H. Clark, N.A. Dudley J.S. Lardge, J.M.C. Raven,
E.J. Sampson, M. Sismey, and M.D. Watson

Local people are welcome to attend this meeting remotely, where your elected Councillors take decisions affecting YOU and your City. There is also an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. If you would like to find out more, please telephone Daniel Bird in the Democracy Team on Chelmsford (01245) 606523 or email daniel.bird@chelmsford.gov.uk.

Audit and Risk Committee

29 July 2020

AGENDA

1. Apologies for Absence and Substitutions

2. Minutes

To consider the minutes of the meeting held on 17 June 2020

3. Declaration of Interests

All Members are reminded that they must disclose any interests they know they have in items of business on the meeting's agenda and that they must do so at this point on the agenda or as soon as they become aware of the interest. If the interest is a Disclosable Pecuniary Interest they are also obliged to notify the Monitoring Officer within 28 days of the meeting.

4. Public Question Time

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 15 minutes is allotted to public questions/statements, which must be about matters for which the Committee is responsible.

The Chair may disallow a question if it is offensive, substantially the same as another question or requires disclosure of exempt or confidential information. If the question cannot be answered at the meeting a written response will be provided after the meeting.

Any member of the public who wishes to submit a question or statement to this meeting should email it to committees@chelmsford.gov.uk 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting, provided they have indicated that they wish to do so and have submitted an email address to which an invitation to join the meeting and participate in it can be sent.

5. Announcements

6. External Audit Update

7. Draft 2019/20 Accounts

8. Urgent Business

To consider any other matter which, in the opinion of the Chair, should be considered by reason of special circumstances (to be specified) as a matter of urgency.

MINUTES
of the
AUDIT AND RISK COMMITTEE
held on 17 June 2020 at 7.18pm

Present:

Councillor N.M. Walsh (Chair)

Councillors D.J.R. Clark, P.H. Clark, N.A. Dudley, J.S. Lardge, J.M.C. Raven, M. Sismey and
M.D. Watson

1. Attendance and Apologies for Absence

The attendance of those present was confirmed. Apologies for absence had been received from Councillor E J Sampson.

2. Minutes

The minutes of the meeting on 20 May 2020 were confirmed as a correct record.

3. Declarations of Interest

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting, if they had not been previously notified.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

There were no announcements for the meeting.

6. Provisional Revenue Outturn 2019/20

The Committee received a report on the provisional revenue outturn position for 2019/20 which showed a projected overspend of £2.16 million, or 13.9%. The report included a list of key material variations that made up the overspend, the amount and the cause of each variation, and the actions recommended to manage each variation. For each affected service, action or variance, the report identified associated risks.

Members were told that although it had received to date additional Government funding of £1.8 million for Covid-19, the Council would need to adjust its financial planning. Documents addressing this would be provided to members over the coming months, including a report to the July Cabinet and Council on the Medium Term Financial Strategy (MTFS). The figures presented in the report did not yet reflect the provisional agreement reached among Essex authorities on the new Business Rate Pool, but it was estimated would give Chelmsford an extra £500,000 in business rate income.

Several lessons had been learned from the experience of the last few months, including the need to identify potential overspends earlier and to build some of those into the long-term budget.

In response to a question about the source and term of the intended borrowing of £5.6 million to fund the capital programme and to replace the sum transferred to the General Balance, the Committee was informed that it would be internal borrowing from reserves and that not having to borrow from an external source would result in a revenue saving. Asked whether the earmarked reserves should be used to meet the projected shortfall of £8.6 million, officers said that as part of the MTFS the Council was being recommended to transfer the £5.6 million referred to earlier to reserves to meet the loss of income and additional costs as a result of Covid-19.

Asked why the cost of providing temporary accommodation for homeless families had increased, members were told that it was difficult to forecast how many would need such accommodation and the number had not decreased as much as hoped. The Public Sector Landlord scheme through which much of the accommodation was provided was expensive and the new homelessness strategy included measures to provide housing in less costly ways.

RESOLVED that the provisional revenue position for 2019/20 and the actions associated with it set out in the report to the meeting be noted.

(7.21pm to 7.35pm)

7. Capital Programme Update and Provisional Outturn 2019/20

A report was submitted which detailed the capital expenditure incurred in 2019/20, updated the Committee on the approved Capital Schemes and variations in cost which had been identified at outturn and to date and provided an update on the approved Asset Replacement Programme for 2019/20 and 2020/21 to reflect variations in cost and timing which had been identified at outturn and to date.

The report concluded that:

- the total cost of the Capital Schemes was forecast to be a net £266k less than the latest approved budget of £144.822 million;
- there were some large schemes which had not been delivered against the originally agreed milestones due to circumstances outside of the control of the Project Officers;
- the 2019/20 Asset Replacement Schemes were £172k less than the latest approved budget. £129k of this variation was due to moving the budgets forward into 2020/21. The realignment of the asset replacement budgets into later years was favourable to the Council as it delayed the commitment of capital resources; and
- the 2020/21 Asset Replacement Schemes were forecast to be £134k more than the latest approved budget. The majority of this was due to the realignment of budgets from 2019/20.

During discussion of the report, the view was expressed that in the light of its current and likely future financial position the Council should review all of its major capital schemes to ensure that the programme was affordable and included only essential projects. Replying to those points, officers said that the Council was not committed to carrying out most of the schemes in the capital programme and they would not proceed until businesses cases for them had been considered and approved. The affordability of the capital programme was an issue that would be addressed by the Council when it considered the MTF5.

RESOLVED that the updated capital programme and provisional outturn for 2019/20 be noted.

(7.35pm to 7.42pm)

8. Internal Audit Annual Report for 2019/20

Members received a report which reviewed the work of the Internal Audit Service in 2019/20, examined the key themes identified across the Council, highlighted how responsive management had been in implementing recommendations, and reviewed the effectiveness of Internal Audit.

Members expressed their appreciation for the level of assurance achieved and noted that services' responses to audit recommendations had improved over the years, something for which staff were to be congratulated.

RESOLVED that the Annual Report on the Internal Audit Service for 2019/20 be noted.

(7.42pm to 7.53pm)

9. Audit and Risk Committee Annual Report for 2019/20

The Committee considered its Annual Report for 2019/20, submitted in accordance with the code of best practice recommended by the Chartered Institute of Public Finance and Accountancy.

RESOLVED that the Committee's Annual Report for 2019/20 be approved and submitted to the Council.

(7.53pm to 7.56pm)

10. Audit and Risk Committee Terms of Reference

The Committee considered a report outlining the review of its terms of reference which had been carried out in accordance with the Chartered Institute of Public Finance and Accountancy recommended practice.

Other than updating the terms of reference to reflect the change of the Committee's name to 'Audit and Risk Committee', there were no material changes from 2019.

RESOLVED that the terms of reference of the Committee be noted and confirmed.

(7.56pm to 7.58pm)

11. Work Programme of the Committee

The Committee was requested to consider its updated rolling programme of work.

It was noted that an additional meeting would be held on 25 November 2020 and that, as requested by Cabinet, an additional item on Modern Day Slavery would be included in the work programme and brought to the Committee on a date to be decided.

RESOLVED that the updated work programme of the Committee for 2020/21 be approved.

(7.58pm to 7.59pm)

12. Urgent Business

There was no urgent business for the meeting.

The meeting closed at 8.00pm

Chair

Chelmsford City Council Audit and Risk Committee

29th July 2020

Draft Statement of Accounts 2019/20

Report by:

Director of Financial Services

Officer Contact:

Zuzana Clarke, Principal Accountant, 01245 606324

Purpose

This report is for the Committee to consider the draft unaudited Statement of Accounts 2019/20.

Recommendation

that the Committee considers the draft Statement of Accounts 2019/20

1. Background or Introduction

- 1.1. The Council's accounts are normally required to be published and externally audited by the end of July. However, the Covid-19 pandemic has resulted in nationally agreed changes to this timeline.
- 1.2. The Council's unaudited accounts for 2019/20 have to be published by the end of August 2020 with the audited version being published by 30th November 2020.
- 1.3. The regular practice at Chelmsford is for individual members of the Audit and Risk Committee to be informed and provided with the unaudited accounts when they are published in June, but only be presented to the full committee for the first time at the end of July, as audited accounts. For 2019/20, the attached set of unaudited

accounts are being brought to the committee meeting in July for consideration, to maintain an early review of the accounts by the Committee but also because of the significant risks that the published 2019/20 unaudited accounts include figures that will need to be revised during the external audit process.

- 1.4. The Council's accounts only need to be formally approved post external audit, so will be brought back to the Committee for approval in November, subject to completion of the external audit.

2. Accounting Issues

- 2.1. The UK lock down due to the pandemic began in March just as finance departments were preparing for the closure of accounts for 2019/20. It was rapidly recognised by Government, accounting bodies and audit firms that Covid-19 would create considerable additional challenges in producing the accounts, these being:

- Working from home could result in delays both to external audit and accounts production
- Valuation of financial and property assets would be problematic given the unknown future impact of Covid-19 on economic activity and valuations. Additionally, property transactions were likely to be very limited in number making judgments about values exceptionally difficult.
- The closure of income generating facilities and associated membership income would create a large workload on refunds and suspended memberships. This in practice makes determining what income should or should not be included in the 2019/20 accounting period challenging.

- 2.2. The delaying of the accounts audit date to the end of November was the first nationally agreed action. There followed a similar allowable delay for the publication date of the unaudited (draft) accounts to the end of August.

- 2.3. Further alleviations were considered but rejected nationally. This included consideration of whether it was appropriate to undertake audit of property valuations due to the high level of uncertainty around the impact of Covid-19.

- 2.4. It is necessary to highlight to the Committee that there is a significant risk that revision to figures in the accounts will be identified by the end of the audit process (November). Those areas most at risk are:

- Asset Valuations (property). The Council's new external valuer has reported "*that the valuations have been prepared on the basis of 'material uncertainty' resulting in a higher degree of caution being attached to the valuations*". Given the unknown future impact that Covid-19 might have on assets, they recommend that the valuations are kept under frequent review.
- There is a risk due to the high volume of refunds and cancellations, that some income has not been correctly allocated to the appropriate financial year. The approach to testing of the income by external audit is to sample year-end transactions, with any identified as incorrectly recorded being extrapolated into a larger value.

- 2.5. The impact of valuation changes can be large in monetary value (£m's) but does not generally impact on the Council's real finances (ability to run services). Changes in

investment property valuations can however be a symptom of an expectation of changes in income flows from those properties but this can be more clearly assessed through the Council's Medium-Term Financial Strategy and Budget reporting.

- 2.6. Any changes to which year income is recorded will not change the amount of income the Council will receive in total, so does not over the medium term change the Council's financial position. The main risk to income moving forward is Covid-19 depressing future activity.

3. Conclusion

- 3.1. Members are asked to consider the draft Accounts and recognise the risk of revisions to the Accounts in this exceptional year.
- 3.2. Members to note that the Accounts will be brought back in November for formal approval, subject to the completion of the external audit, in line with the amended timescales for the 2019/20 publication of Accounts.

List of appendices:

Draft Statement of Accounts 2019/20

Background papers:

Corporate Implications

Legal/Constitutional: Meets obligations on reporting Accounts

Financial: As detailed in the Statement of Accounts

Potential impact on climate change and the environment: N/A

Contribution toward achieving a net zero carbon position by 2030: N/A

Personnel: N/A

Risk Management: N/A

Equality and Diversity: N/A

Health and Safety: N/A

Digital: N/A

Other: N/A

Consultees:

N/A

Relevant Policies and Strategies: N/A

CHELMSFORD CITY COUNCIL

STATEMENT OF ACCOUNTS

2019/20



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2-INTRODUCTION TO THE ACCOUNTS

This section gives an overview of our achievements, our direction and ambitions.

Introduction by the Leader of the Council

We are working to deliver a safer, greener, fairer and better-connected Chelmsford, and this set of figures gives the detail of how we are doing it. This particular set of accounts covers the Council's services during the financial year 1st April 2019 to 31st March 2020, which was a budget primarily set by the previous leadership of Chelmsford Council.

I was elected the new Leader of the Council at its annual meeting on 22 May 2019, but the new Liberal Democrat administration did not set its first budget until February 2020, laying out our financial priorities and plans.

In January 2020, the Council approved 'Our Chelmsford, Our Plan' - our aims and priorities for the coming years. We have ambitious plans to improve the lives of residents by making Chelmsford a greener, safer, fairer and better-connected place to live, work and visit. We will operate with the core values of accountability, creativity, learning, encouraging, collaboration and trust at the forefront.

Chelmsford is growing and most of our residents experience a good quality of life, but we can make it better. Our Plan is a framework for delivering improved services to residents and businesses, in the most inclusive and sustainable way. We are ambitious for our City and its people. The Plan outlines our priorities under four themes:

- **A safer and greener place:** Making Chelmsford a more attractive place, promoting Chelmsford's green credentials, ensuring communities are safe and creating a distinctive sense of place.
- **A fairer and inclusive Chelmsford:** Promoting sustainable and environmentally responsible growth to stimulate a vibrant, balanced economy, a fairer society and provide more housing of all types, but especially affordable housing.
- **Healthy, active and enjoyable lives:** Encouraging people to live well, promoting healthy, active lifestyles and reducing social isolation, making Chelmsford a more enjoyable place in which to live, work and play
- **Connected Chelmsford:** bringing people together, empowering local people and working in partnership to build community capacity, stronger communities and to secure investment in the city.

The Covid-19 pandemic has taken so many lives and changed the way we live. However, it started just a few weeks before the end of the financial year, so had limited effect on these accounts, although it is worth noting the Council's actions during these difficult times.

The Council has supported its residents and businesses during the pandemic by:

- Temporarily closing many of its non-essential services, to reduce the spread of infection, but maintained during lockdown full provision of vital services, such as collecting waste and recycling, housing, helping people who are homeless, looking after green spaces, managing new development, keeping the community safe, cemeteries and crematoria, business support, taking care of the environment and much more.
- Community Shield. The Council established and provided the manpower for a Community Hub to help those who had to stay in their home, by delivering food and prescriptions, helping with pet care, checking on residents' welfare and phoning for a chat. This service had up to the time of writing undertaken a total of 1437 food interventions (this involved shopping, advice, support etc). In addition, we contacted by phone 1300+ residents who fell into Category A (Clinically Extremely Vulnerable) to check on their welfare and with Chelmsford CVS they carried out doorstep checks with over 200 residents. From the end of June, the Chelmsford Voluntary Service will run this service working with Chelmsford City Council
- The Council produced and distributed an information leaflet to every household in the city, providing useful contact numbers and tips for staying mentally and physically active.
- The Council has very rapidly paid out £17.2m in Small Business Grants, £13.8m in grants to Retail, Hospitality and Leisure businesses and is now quickly dispensing Discretionary Business grants.
- The Council obtained funding to provide social distancing signage in the City's retail area and Street Ambassadors to encourage a safe return of retail activity.
- The Council rapidly responded to the lockdown by enabling the majority of its staff to work from home. This was done by using existing IT infrastructure that the Council has been investing in.

Despite the challenges of Covid-19, we will continue to deliver a safer, greener, fairer and better-connected Chelmsford by working with local residents and organisations.



Councillor Stephen Robinson
Leader of the Council

Views from the Chief Executive

The accounts present the financial position for the Council but also represent our achievements during the financial year. The City Council has delivered numerous projects over the last 12 months that will enhance the lives of our residents and some of these are highlighted below.

Over several years the Council has been developing a new Local Plan setting out our plans for future housing growth, jobs, open space, infrastructure and tackling climate change. The plan was drawn up following significant consultation with local communities and other stakeholders. The Plan will also bring exciting new opportunities for businesses to grow and succeed in Chelmsford. The City Council has a vital role in creating the right conditions for our local economy to thrive, ensuring Chelmsford is viewed as a great place to invest.

A significant step in delivering the Local Plan has been the City Council working with Essex County Council securing £218m from the government's Housing Infrastructure Fund for the North East Bypass and Station project. The Council also continues to work on the redevelopment of the Waterside site to provide additional housing and regeneration to this area of the City centre.

During the year our list of achievements include:

- The redevelopment of the Riverside Leisure centre which opened in June. The old pool complex was demolished paving the way for the site to be redeveloped. The centre has been completely transformed to provide the public with a cutting-edge sports complex.
- The City's Museum also underwent a significant transformation with new displays being created in all rooms bringing the Museum into the 21st century.
- The final transformation took place in our indoor market leading to a brighter cleaner space, with improved lighting and signage.

The City also continued to deliver new and innovative projects and maintained its reputation for excellent service delivery.

- Hylands Estate won the Essex Awards Historic Wedding Venue category and the team were also highly commended for Events Team of the Year an award for service provided at the venue.
- The City became the first local authority to be awarded a national gold accreditation by Mode shift for our travel plan encouraging our staff to work in a more sustainable way
- All the council's electricity is now renewable
- Green flags awarded to all our major parks.
- The City held its first skills festival for our young residents providing them with an opportunity to meet a number of potential employers in a festival environment.

Furthermore, we acted as the regional lead in the European elections and successfully held local elections for the City Council.

The City Council is committed to providing excellent services and we aim to be creative in the way in which we deliver our services always striving to improve. In January we launched Our Chelmsford, Our Plan which tries to capture the key deliverables over the coming years. The Plan provides a focus for staff, elected members and partners making connections across a wide range of services to deliver better lives for all. I believe the Plan that we have is one

that will lead to further success, creating new opportunities for individuals, families and communities.

The financial year ended in a way that no one had imagined with the initial impacts of Covid-19 being felt both at the City Council and across the world. Looking forward it is difficult to assess how much Covid-19 could affect our individual lives, council services and finances but I know that our staff will continue to respond positively to this challenge.



Nick Eveleigh
Chief Executive

To make these accounts easier to understand, you can find in a more simplified format a summary of our income and expenditure for the year and a summarised Balance sheet in the Narrative report in section 4. We have included our full Comprehensive income and expenditure statement and Balance sheet in section 6 in the format set out by the Code of Practice on Local Authority Accounting in the United Kingdom.

The accounts and annual report have been written avoiding technical terms wherever possible. If we have to use technical terms, we have explained them in the glossary.

For more on the statement of accounts, please write to:

The Director of Financial Services
Civic Centre
Duke Street
Chelmsford
Essex
CMI IJE

We have detailed below which council provides which services.

Chelmsford City Council	Essex County Council
Abandoned cars	Adoptions
Air quality	Care for the elderly
Allotments	Child care
Business rates	Civic amenity sites
Building control	County Records Office
CCTV	Cycle paths
Cemetery and crematorium – including municipal funerals	Disabled parking (Blue Badges)
Council tax – including benefits	Drains – highway drains
Dangerous structures	Educational services
Dog litter	Footpaths
Domestic waste	Gritting
Drains – private sewers	Highways
Dropped kerbs	Incineration
Elections	Lamp posts
Environmental Services/Health	Libraries – including mobile
Graffiti	Park & Ride
Grass cutting	Pavements
Homelessness	Road signs – for traffic direction
Housing	Roads
Land charges	Social Services
Leisure centres/sports centres	Street lighting
Licensing (all forms of)	Trading standards
Litter	Traffic management
Museums Service	Travellers
Parking – car parks and residential permits	Waste disposal and management
Parks – including playing fields	
Planning	
Public toilets	
Refuse collection and recycling	
Road signs – street nameplates	
Street cleaning and sweeping	
Theatres	
Town centre management	
Tree preservation orders	
Voting	

3 – ENVIRONMENTAL ISSUES

This section gives an overview of our effect on the environment.

On 16 July 2019 the Council declared a Climate and Ecological Emergency, with a target to make Chelmsford City Council activities net-zero carbon by 2030. Subsequent to this a Climate and Ecological Emergency Task Group was established and charged with effectively co-ordinating the response to the climate and ecological emergency by:

- Creating an environmental ‘charter’ that sets out the long-term vision, the approach to be adopted and the priorities for action to encourage more sustainable lifestyles and to help create a more sustainable environment for the City of Chelmsford and surrounding areas
- Developing a comprehensive, cohesive and prioritised environment action plan that addresses the key elements of the ‘climate and ecological emergency’ declared by the Council
- Promoting the ‘green and sustainable’ agenda in Chelmsford and overseeing a programme of activities designed to engage, inspire and support local people, communities, businesses and organisations in meeting the carbon reduction challenge for the whole area

An initial action plan, responding to the declared Climate and Ecological Emergency, was approved at Cabinet on 28 January 2020, focusing on the following areas of work:

- i. Establishing a ‘carbon baseline’ position
- ii. Updating planning guidance on how on-site renewable energy measures can be integrated into new developments and for all new dwellings to incorporate sustainable design features to reduce CO₂ and NO₂ emissions and the use of natural resources [including putting in place a low carbon infrastructure in strategic growth areas]
- iii. Working with Essex County Council to improve movement around the City, including improvements to the cycling and walking infrastructure, to reduce traffic congestion and journey times and encourage more sustainable travel choices
- iv. Implementing further measures to reduce the amount of waste generated and ensure that as much as possible of any waste that is generated is reused, recycled or composted
- v. Implementing measures to lower energy consumption, ensure the most efficient use of water resources, reduce pollution and improve air quality
- vi. Undertaking a greening programme to significantly increase the amount of woodland and the proportion of tree cover in Chelmsford
- vii. Implementing measures to improve the ‘green infrastructure’ of Chelmsford, protecting and expanding natural habitats and increasing biodiversity

- viii. Improving the environmental quality, attractiveness and recreational potential of public spaces, rivers and waterways and associated green corridors in the City Centre and surrounding areas
- ix. Upgrading the Council's vehicle fleet to embrace the latest low emission technology, including ultra-low emission electric powered vehicles as they become operationally and commercially viable
- x. Supporting the Environment Agency to implement the Margaretting flood alleviation scheme and other flood mitigation measures to reduce the risk of flooding to residential and commercial properties in the City
- xi. Establishing a 'green investment fund' to support the Council's environment plan
- xii. Reviewing the Council's investment strategy in light of the Climate and Ecological Emergency Declaration
- xiii. Reviewing the Council's procurement policies and practices in light of the Climate and Ecological Emergency Declaration
- xiv. Creating opportunities for people, local organisations and businesses to get involved, to influence and to inspire innovation and cooperation in response to the key challenges identified in the Climate and Ecological Emergency
- xv. Reviewing the Council's human resources and employment policies and practices in light of the Climate and Ecological Emergency Declaration

The implementation of this action plan is ongoing.

4 – NARRATIVE REPORT

This section gives an overview of our achievements and direction. It highlights the most important matters reported in the accounts, and comments on any issues that have had a major effect on our finances.

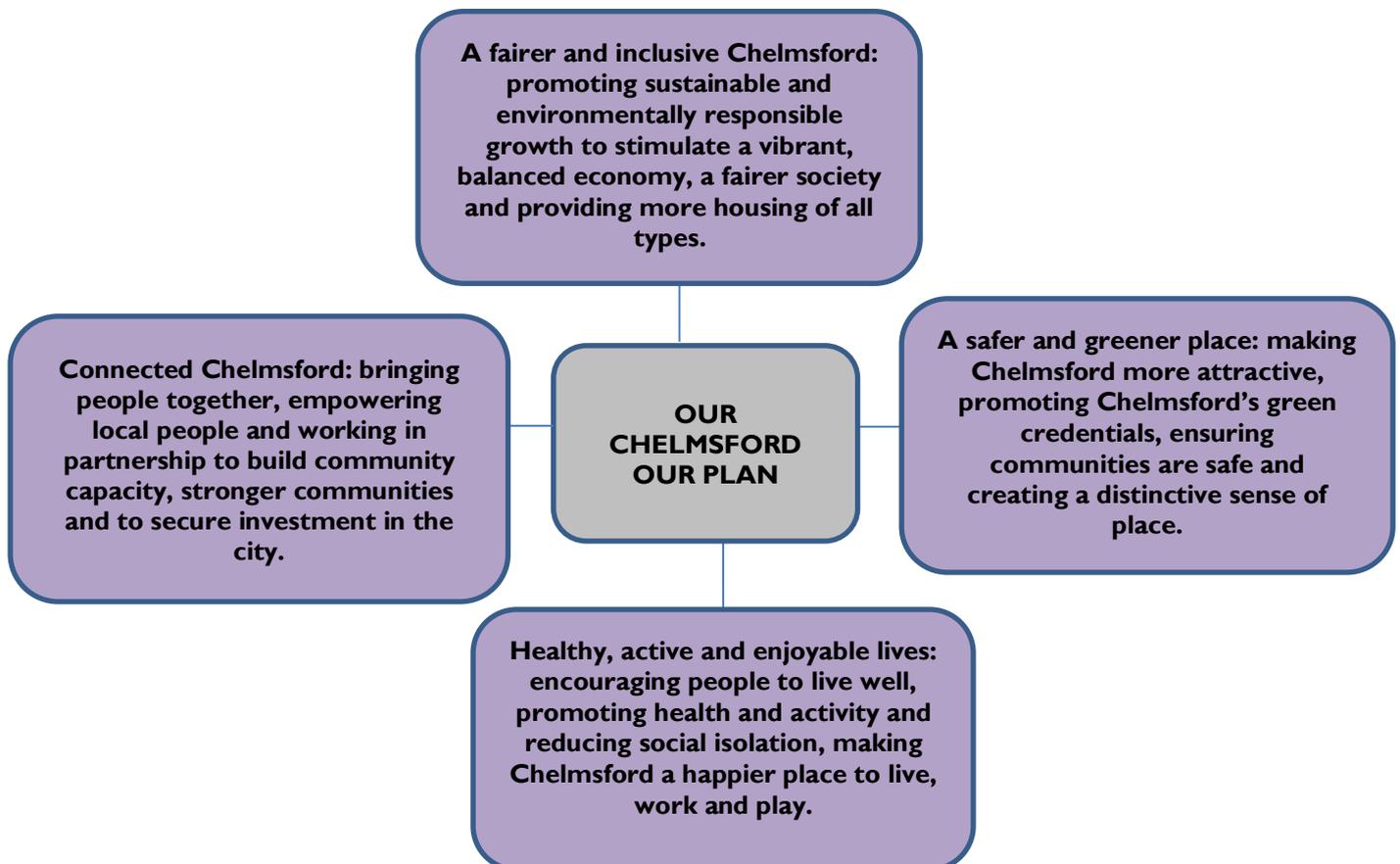
Background

Chelmsford City Council is situated in the heart of Essex, covering an area of 344 square kilometres, and is one of the fastest-growing centres in the region. It is the sporting venue for the Essex County Cricket Team, Chelmsford City Football Club and the Chelmsford City Race Course.

Chelmsford has a population of around 178,400 and is the focus for business, retail, leisure and culture in Essex. It will continue to be a major centre of development, with significant housing developments under way within the City Centre as well as north of Chelmsford.

During 2019/20, Chelmsford had a very strong economy with 87,000 jobs and over 9,400 businesses in the heart of the City, with very low unemployment rate of 1.9%. However, Covid-19 has adversely affected the unemployment rate and as of June 2020 the unemployment rate has risen to 4.8%. Chelmsford has particular strengths in the financial and business services sectors, research and development, and advanced manufacturing.

The Council’s corporate plan sets out the following four key priorities for Chelmsford and its residents:



We engage with other Local Authorities on various joint working arrangements, and work with a wide range of other organisations and agencies to help us achieve these priorities.

Guide to the Statement of Accounts

Our annual statement of accounts summarises our financial affairs for 2019/20 and shows our financial position on 31 March 2020. It includes the following:

- **Statement of responsibilities for the Statement of accounts** – Who is responsible for individual aspects of the accounts.
- **Main financial statements:**
 - **Comprehensive income and expenditure statement** – This shows the cost of providing services in line with accounting practices, rather than the costs to be met by local taxation. We raise taxation to meet costs as defined by law. This is different to the cost of providing services in line with accounting practices. The taxation position is shown in the Movement in reserves statement.
 - **Movement in reserves statement** – This shows the movement on our reserves in the year. These are analysed into usable reserves, which can be applied to fund expenditure or to reduce local taxation, and other reserves. In the statement, the Total comprehensive income and expenditure line shows the true economic cost of providing the services. This is shown in more detail in the Comprehensive income and expenditure statement. These are different from the amounts we must charge to the General fund by law for setting the Council tax. In the statement, the line that gives the net increase or decrease shows the statutory General fund balance movement.
 - **Balance sheet** - This shows the value of our assets and liabilities at the Balance sheet date. Our net assets are matched by our reserves. The reserves are reported in two categories, usable and unusable. Usable reserves are those we can use subject to keeping a prudent level of reserves and any statutory limitations on their use (for example, we can only use the capital receipts reserve to fund capital expenditure or repay debt). Unusable reserves cannot be used to provide services. This type of reserve includes reserves that contain unrealised gains and losses (for example, the revaluation reserve) where the amount only becomes available for use when the asset is sold, and reserves that hold timing differences, for example in the amount owed for leave that has not been taken. These are shown in the Movement in reserves statement line 'Adjustments to move from the Comprehensive income and expenditure account to the costs met by local taxpayers'.
 - **Cash-flow statement** - This shows the changes in our cash and cash equivalents during the year. It shows how we received and used those amounts by classifying cash flows as operating, investing or financing activities. The cash flows in operating activities are a key indicator of how much is met by taxation, grants or from service users. Investing activities show how we have used cash outflows

to buy resources intended to deliver future services. Cash flows arising from financing activities are useful in predicting claims on future cash flows.

- **Notes to the main financial statements** - These explain our accounting policies and some of the figures in the main financial statements.

The notes include the '**Expenditure and funding analysis**' which demonstrates how the funding available to the authority for the year has been used in providing services in comparison with the resources used or earned in accordance with generally accepted accounting practices. This supporting statement reconciles the net expenditure as presented in the Comprehensive income and expenditure statement to the net expenditure chargeable to the General fund as presented in our outturn reports.

- **Collection fund** - A statement meeting the statutory obligation for us to keep a separate Collection fund. The statement shows all transactions in relation to the collection of money from taxpayers and the distribution of money to other local authorities and the Government of Council tax and Non-domestic rates.
- **Restatements** - We will show any restatements for previous year's set of accounts following changes in accounting policies, rules we use to prepare these accounts or material error in note 40. We also made some presentational changes to how we report our management information. We reflected these changes in the presentational format of the Comprehensive income and expenditure statement, Note 24 Income and expenditure analysed by nature and in the Expenditure and funding analysis statement and its supporting note and restated last year's figures in the same format.
- **Independent auditors' report** - A report that says whether our Statement of accounts presents a true and fair view of our financial position and financial performance for the year.
- **Glossary** - An explanation of the technical terms used in this Statement of accounts.
- **Our structure chart** - How we are organised.

Alongside the Statement of accounts we publish the **Annual governance statement** that explains how we manage our affairs and control our activities. The statement highlights any important areas of governance that may need to be addressed following an annual review.

Summary tables

A simplified statement showing the change on our Comprehensive income and expenditure account and General fund balance from 1 April 2019 to 31 March 2020	Gross Expenditure £ 000	Income £ 000	Net Expenditure £ 000
Total Spending on Current services	128,464	(81,472)	46,992
Other Income and Expenditure	40,386	(74,209)	(33,823)
Total spending on services as presented in the Comprehensive Income and Expenditure account			13,169
add Adjustments between the Funding and Accounting bases			(20,430)
(Increase)/decrease in General fund (including Earmarked Reserves)			(7,261)

The complete Comprehensive income and expenditure statement is shown in section 6.

The Expenditure and funding analysis in note 1 and the Note to Expenditure and funding analysis in note 6 in section 7 show the reconciliation between the net expenditure as presented in the Comprehensive income and expenditure statement and the net expenditure chargeable to the General fund as presented in our outturn reports.

The Comprehensive income and expenditure account includes capital adjustments and the pension adjustment made under generally accepted accounting principles that do not need to be met from the Council Tax.

Our Comprehensive income and expenditure statement recognises our share of Council Tax and Non Domestic Rates (NDR) transactions on the accrual basis, with the timing difference being adjusted through Council Tax and NDR adjustment account, reported on in the Movement in reserves statement.

Simplified Balance sheet statement

A simplified Balance Sheet	31 March 2020
	£ 000
What we own	
Assets	311,404
Stocks	292
Investments	23,560
	335,256
What we are owed	
Amounts due before 31 March 2021	24,115
Amounts due after 31 March 2021	1,792
	25,907
What we owe	
Amounts due before 31 March 2021	(22,662)
Amounts due after 31 March 2021	(8,012)
Provisions	(5,090)
Pension deficit	(91,797)
	(127,561)
Cash and equivalents in hand or (overdrawn)	27,378
Net assets	260,980
Our reserves	31 March 2020
	£ 000
Usable reserves	53,546
Unusable reserves	207,434
Total reserves	260,980

The complete Balance sheet is shown in section 6.

Pensions

We offer our employees membership of the Local Government Pension Scheme. The scheme is funded by contributions from employees and employers, and offers defined benefits that are paid when members retire. The scheme has been estimated to have a shortfall because its obligations to members are more than the assets and returns expected from the fund. We have agreed to make up the shortfall over time. You can find out more about the pension scheme in note 33 to the main financial statements.

Changes in accounting policies

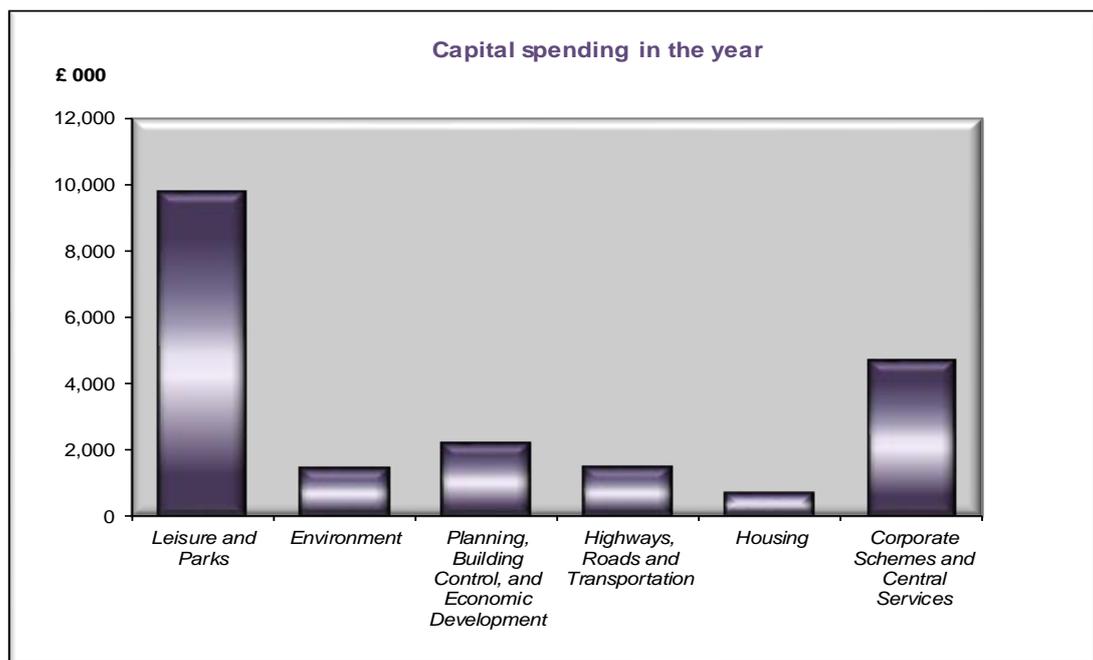
We produce our accounts in International Financial Reporting Standards (IFRS) format. This is to comply with agreed accounting practices. Where there is any change in accounting practice we restate last year's figures.

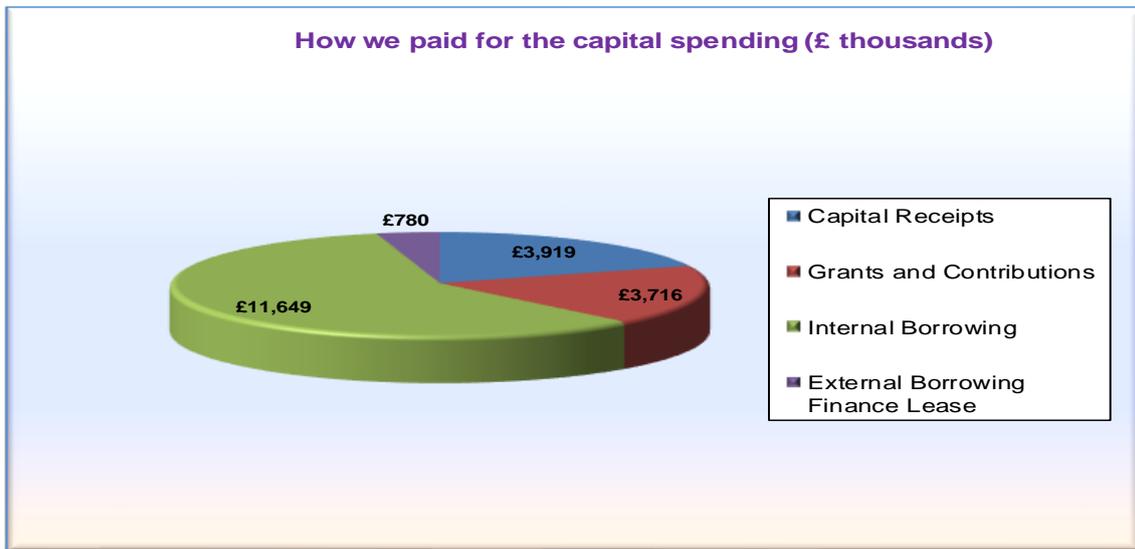
Borrowing

We have a finance lease with an outstanding balance of £0.738m at the end of the year. We do not have any external loans. The Council has undertaken internal borrowing of £11.6m; this is the practice of using cash that would be invested in lieu of undertaking external borrowing.

Capital spending

During the year we spent £20.064m on capital schemes. Our asset values in the Balance sheet have not necessarily increased by the amount of our capital spending as the Balance sheet shows the asset's change in value, after any impairments, and not simply the amount spent in creating that asset. The following tables show the capital spending and how the spending was paid for (capital financing).





Significant provisions or contingencies or material write-offs

The Council has a provision of £5.090m, for our share of the cost repayable for any successful appeals made by businesses against their business rates valuations.

Effects of the current economic climate

Even prior to the Covid-19 pandemic, local government had to address various external economic pressures. The future Government funding is uncertain, with the Government’s intended review of the finance settlement allocations postponed due to the virus epidemic. It is uncertain how local government finances will be affected after the transitional arrangements, due to end in December 2020, following Britain’s decision to leave the European Union.

In the short term, the Government has indicated it will provide support to local government to reduce the impact of the loss of income due to Covid-19 pandemic and has already brought in several measures to support local business. It is however anticipated that the impact of the lockdown closures and restrictions will be felt for several years after the restrictions are lifted. More details on the impact of Covid-19 on the Council finances are in the commentary of the Medium-Term Financial Strategy.

Auditors

Our external auditors, who audit these accounts, are BDO LLP. You can find details of their audit fees in note 29 to the main financial statements.

Monitoring our performance during 2019/20

During 2019/20 the Overview and Scrutiny Committee has reviewed its process for the regular monitoring of the Council's performance. It was felt that wider insight into the Council's key service areas, setting out the background information about the significant factors that influence their performance and presenting performance monitoring aligned with the service objectives, should replace the monitoring solely focused on the performance indicators. The key performance indicators are still maintained within the services as a tool to manage their performance and the officers may present them to the committee as part of the review of its service in the context of the service objectives. A planned work programme for the committee will be set out each year, setting out a timetable for each directorate to present the committee with a service performance review pack, focusing on the key areas of interest as considered by the committee.

During 2019/20 the Overview and Scrutiny Committee also reviewed the financial performance against the agreed budget. Mid-year revenue and capital monitoring identifying the main under/over spends in the revenue budgets and capital schemes were presented at the January 2020 meeting, explaining the reasons for the variations and setting out the planned actions to remedy them.

The review of the process setting out the new approach to monitoring performance took shape during 2019/20 following the change in administration and the first performance review pack was presented to the committee, focusing on Parks and Green spaces, at the January 2020 meeting. The process is now fully embedded for the performance monitoring during 2020/21 and the committee's planned worked programme will be updated to accommodate delays due to Covid-19.

Financial Monitoring and Reporting

As part of the management of our finances, we reported to the Cabinet, Overview and Scrutiny Committee and the Audit and Risk Committee at various times throughout the year. You can find copies of these reports on our website. The following are the main financial subjects we report on:

- The medium term financial strategy,
- Setting the Council Tax,
- Revenue estimates (including a report on the health of our finances),
- Revenue and capital monitoring,
- The outturn and the accounts,
- Treasury management activity, and
- Various auditors' reports on the accounts and other matters.

Revenue and Budget Process

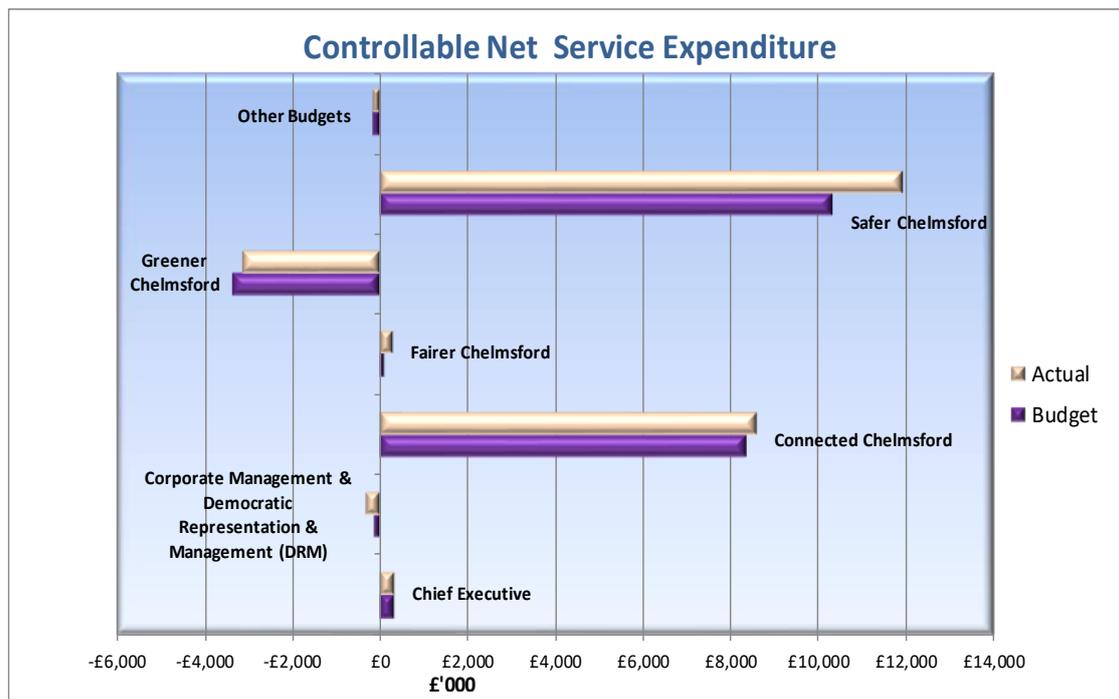
The Council has a revenue and capital monitoring process. During 2019/20 senior managers were given a detailed monthly report, Management Team and Cabinet Members received a quarterly report and a six-monthly report was presented for Cabinet and Overview and Scrutiny Committee.

This enables us to identify any financial shortcomings or potential savings throughout the year.

Revenue Outturn position

The controllable service net revenue expenditure for 2019/20 was £2,069k overspent, of this some £400k is as a result of Covid-19 income losses. This is a large overspend and only some of which had been allowed for in the 2020/21 budgets. A review of the last 3 years of outturn expenditure has been undertaken and identified ongoing overspends will be included in future financial planning.

The following graph shows the service revenue outturn against our latest budget.



The Council is a member of the Essex Business Rates pool which enables us to retain some of the levy that we would otherwise pay over to the Government. In 2019/20 the income retained including S31 grants was £2.4m above the Government baseline funding, The business rates income retained is however volatile as it is affected by settlements of successful appeals against valuations and changes in the appeals provision. The Council remains a member of the Essex Pool in 2020/21 and the level of income is expected to be adversely affected by Covid-19, however it is not possible to quantify the extent of the impact.

The impact of Covid-19 and the 2019/20 overspend on reserves and future budgets is discussed below.

Medium Term Financial Strategy (MTFS) for 2019/20 to 2022/23

The strategy is how we take a strategic approach to managing our finances, aligning them with the objectives as set out by the Corporate priorities within the Our Chelmsford, Our Plan.

Council's Medium-Term Financial Strategy covering 2019/20 and approved in October 2019 was intended to:

- Maintain a sustainable financial position against a backdrop of continuing financial uncertainty and reduced government funding;
- Support the Council's aims in the delivery of a safer, greener, fairer and better-connected Chelmsford through the appropriate allocation of available resources and to
- Maximise opportunities to increase resources, or use resources more effectively, whilst taking appropriate action to mitigate financial risk.

The Strategy was supported by five key principles.

1. Revenue Expenditure – The Council recognises that it must optimise its limited resources and target them to where they are most needed, in order to provide value for money services in the face of increasing financial pressures.
2. Capital Expenditure – The Council will only undertake capital investment in support of its priorities and where it supports asset maintenance, invest-to-save schemes or strategic intent (such as the provision of affordable housing). Capital spending plans, whether funded from internal resources or through borrowing, will be affordable, prudent and sustainable.
3. Reserves – the Council will maintain a reasonable level of usable reserves to enable it to weather the volatility of its funding position, support capital spending plans, mitigate known risks and support invest-to-save schemes and service transformation.
4. Partnership Working – the Council will seek out opportunities to work with partners to maximise outcomes for the residents of Chelmsford and other stakeholders, explore access to funding and maximise the shared benefits of joint working.
5. Governance and Performance – the Council will monitor the delivery of its financial strategy and performance against the savings requirement, adjusting the plans to meet changing demands or emerging risk.

The Strategy was flexible so the Council's finances could respond to changes in circumstances. However, the budgets and strategy approved in 2019/20 could not possibly have been expected to have identified Covid-19 and its consequences. The MTFS published in July 2020 recognises the significant additional financial risks the Council now faces and includes new actions to respond to them.

Managing the Impact of Covid-19 and Ensuring Sustainable Finances

At the end of 2019/20 the Council had to respond to an unprecedented situation brought on by the Covid-19 pandemic. Our primary focus was on providing support to our most vulnerable residents. As an urgent response, we set up a jointly run operation with the

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Chelmsford Voluntary Services (CVS) within the premises of one of our leisure centres forced to close by the Government's lockdown restrictions, The Community Hub. The Hub's main priorities were to help the most vulnerable in the communities, by providing assistance with their everyday errands such as food and prescription deliveries. Following the ease-down in the Government lockdown restrictions, the Hub operation will continue to be run by the CVS from within the Council's offices, to support residents that still need to continue to shield to stay safe.

The Council had to react to this unique situation by adapting our work processes. We embraced the advantages of available technology and many of our employees are able to continue their work from home. Where it was possible to do so safely, we introduced measures to operate within the Government guidelines and continued to provide many of our frontline services such as waste collection throughout the lockdown period.

The main financial impact of Covid-19 is considerably less income as Council facilities such as theatres and leisure centres have temporarily closed. Additionally, the lock down also reduced demand for services, such as Car parking, a major source of Council income. How long services will suffer from lower fees, sales and charge income is unclear but it is expected that some losses may be permanent as residents' lifestyles change, for example more home working so less demand for commuter car parks. In the financial year 2019/20 the loss was some £0.4m but in 2020/21 losses will run into millions of pounds.

Financially the Council has incurred additional costs due to Covid-19 but in the short term these are not material in comparison to the expected income losses. There may be longer term pressures, such as increased demand for temporary accommodation as tenant evictions increase after protections put in place during the pandemic lapse.

As the long-term consequences of Covid-19 on the Council's finances are almost impossible to predict the key financial action is to ensure appropriate levels of reserves are available to cover all risks. The July 2020 MTFs recommends that revenue funding of capital approved in the 2019/20 budget is instead transferred into unearmarked reserves, increasing Reserves by £5.6m. This will provide financial resilience against the probable income losses Covid-19 will cause. The change is reflected in these accounts. The consequences are higher than forecast internal borrowing to fund the capital programme. The Council within the July 2020 MTFs has the option of diverting 2020/21 budget revenue contributions from the capital programme to increase unearmarked reserves by £4.8m above the amounts shown in the notes to reserves.

Additional Government funding was announced after the publication of the MTFs, however the amount is not yet known. It is believed that the additional Government funding along with the actions to boost reserves will provide enough resilience to manage the immediate consequences of Covid-19.

The Council's Capital Programme has also been affected by Covid-19. As noted, by boosting its reserves, the Council has increased internal borrowing. The increase in borrowing has been offset in the next few years by deferring capital programme expenditure both as a deliberate action and as a consequence of Covid-19 creating operational delays. Should the financial position be better than expected the Council has the option going forward to consider making additional revenue contributions to fund the capital programme and return the levels of borrowing to nearer the levels projected in January 2020 budget.

The Council does not expect any liquidity issues and has the option which is not believed likely to be necessary of increasing cash holdings by taking loans from the Public Works Loan Board.

The Council's financial position going forward will be challenging and additional savings and efficiencies are needed beyond those that historically would be considered normal. The Council's Medium Term Financial Strategy published in July 2020 provides more detail on how the financial challenge will be met.

Council's principal risks and opportunities

It is the Council's policy to proactively identify, understand and manage the risks in our services and associated with our plans and strategies, so as to:

- encourage responsible, informed risk taking
- reduce exposure to a tolerable level using a justifiable level of resources

Since the balance sheet date, the Council has reassessed its Principal Risks to take account of its strategic response to the Covid-19 outbreak; however, given the speed of events and ongoing uncertainty it should be noted that these are subject to frequent change, particularly in terms of the impact on the wider community. Listed below are the Council's Top-6 rated Principal Risks, as reported to Audit and Risk Committee in May 2020, along with an assessment of their likelihood of occurrence and measures in place to mitigate them (as required by the Code):

Risk description	Likelihood	Mitigation
Income and Financial Position If the sustainability of the Council's financial position is challenged, major projects may be delayed, discretionary services may be rationalised and, ultimately, statutory duties may not be met, to the detriment of service users.	Likely (50-70%)	The Council has experienced an unprecedented drop in income, along with ongoing uncertainty over the timing and nature of the Covid-19 recovery and over short and medium-term government funding strategy. The Council continues to forecast on a weekly basis losses and will present a revised Medium-Term Financial Strategy and Budget Update to Cabinet and Full Council in July.
Homelessness If the Council is unable to meet its statutory obligations to the homeless effectively, this may cause further hardship to service users, with associated financial, legal and reputational consequences.	Likely (50-70%)	The impact of Covid-19 on the most vulnerable in society is significant and the ongoing uncertainty makes service delivery very difficult to plan for in the short, medium and long term. The Council is working with social housing providers to manage response and capacity and with the Essex Resilience Forum Homelessness sub-group to identify and mitigate risks/enable solutions going forward.

<p>Serious Fraudulent Activity Successful fraud attempts may result in financial losses which individually, or cumulatively, could impact on service delivery, as well as cause reputational damage to the Council.</p>	<p>Likely (50-70%)</p>	<p>It is acknowledged across the sector that fraud is much more likely to occur during the Covid-19 pandemic due to increased motivation e.g. economic hardship and increased opportunity e.g. urgent distribution of central government grants. The Council has been directed by central government to take a retrospective approach to grant fraud.</p>
<p>Cyber Security A successful cyberattack could result in severe disruption to core services and/or data theft, with financial, legal and reputational impacts for the Council, and potentially significant harm caused to residents.</p>	<p>Possible (30-50%)</p>	<p>The Council has developed and launched a suite of cyber security policies, supported by an e-learning programme and other awareness measures, coinciding with the Covid-19 outbreak and change in exposure due to increased remote working.</p>
<p>Serious Health & Safety Incident A serious health and safety incident could result in death or serious injury, regulatory investigation and associated financial, legal and reputational consequences.</p>	<p>Possible (30-50%)</p>	<p>The Council retains specialist independent advice and carries out an annual programme of audits on high risk areas. In respect of Covid-19, the Council is closely following Public Health England and Health and Safety Executive guidance, ensuring that hazards are identified, and appropriate control measures adopted as the workforce and the general public return to Council premises.</p>
<p>Beaulieu Station & Chelmsford NE Bypass If the external partners are unable to meet the Government deadline for use of funding (March 2024), potential clawback could threaten delivery of key infrastructure and wider Council objectives.</p>	<p>Possible (30-50%)</p>	<p>National Rail has indicated that the Beaulieu Station project cannot be completed within funding timescales set by Homes England. Active negotiations with Homes England continue in partnership with Essex County Council and other key stakeholders.</p>

Workforce

We understand that the Council's employees play an important role in delivering our objectives and we have in place a robust People strategy which aims to ensure that we employ people with the right skills and support their development. In 2019/20 we continued to invest in our workforce by employing several graduate interns and apprentices within various departments of the Council.

The Council was awarded an Investor in People Gold (IiP) award, indicating the high level of achievement in developing staff.

Our workforce consists of 46% females and 54% males.

The Covid-19 pandemic had a great impact on the way our workforce was able to continue with their everyday duties. Some departments have adapted to temporary measures of working from home and were able to continue mostly unaffected. The greatest impact was felt in the frontline service, with several public facing services, mainly in Leisure and Cultural provision, having to cease their operation due to national measures adopted by the Government. During the early months of the pandemic many staff were redeployed, mainly to support the operational running of the Chelmsford Community Hub jointly set up by the Council and the Chelmsford Voluntary Services. Under the Government scheme, the Council was able to furlough staff that were not able to work during the pandemic. At the beginning of July, we furloughed 283 employees or casual workers.

Other significant items

We did not have any material or unusual charges to the accounts or any major changes in statutory functions during 2019/20

5 - Statement of responsibilities for the Statement of accounts

This section explains our responsibilities for our financial affairs and how we make sure we fulfil them.

Our responsibilities

We must:

- make arrangements for our financial affairs to be managed properly and for one of our officers to be responsible for managing those affairs (that officer is the Director of Financial Services)
- manage our affairs to use our resources economically, efficiently and effectively, and to protect our assets, and
- approve the Statement of accounts.

I certify that these accounts were considered and approved by the Audit and Risk Committee, on behalf of Chelmsford City Council.

.....
Cllr Nora Walsh
Chair of the Audit and Risk Committee

.....
Date

The Director of Financial Services' responsibilities

The Director of Financial Services is responsible for preparing our Statement of accounts in line with the proper practices set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of accounts, the Director of Financial Services has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent, and
- followed the Code.

The Director of Financial Services has also:

- kept proper accounting records that were up to date, and
- taken reasonable steps to prevent and detect fraud and other irregularities.

I certify that the accounts set out in the Statement of accounts present a true and fair view of our financial position at 31 March 2020 and the income and spending for the year ended 31 March 2020.

.....
Amanda Fahey
Director of Financial Services

.....
Date

6 - The main financial statements

Comprehensive income and expenditure statement

This section is a summary of our spending on services. It also shows where we got the money from.

2018/19			Money spent on services direct to the public	Notes	2019/20		
Gross spending	Income	Net spending			Gross spending	Income	Net spending
£ 000	£ 000	£ 000			£ 000	£ 000	£ 000
448	-	448	Chief Executive		383	-	383
120	(410)	(290)	Corporate Management & DRM		130	(432)	(302)
12,497	(2,086)	10,411	Connected Chelmsford		14,886	(2,194)	12,692
55,612	(48,669)	6,943	Fairer Chelmsford		52,371	(44,068)	8,303
12,276	(9,909)	2,367	Greener Chelmsford		8,642	(10,977)	(2,335)
38,633	(15,513)	23,120	Safer Chelmsford		52,052	(23,649)	28,403
-	(139)	(139)	Other Service Costs		-	(152)	(152)
119,586	(76,726)	42,860	Spending on current services		128,464	(81,472)	46,992
6,318	(4,260)	2,058	Other operating expenditure	11	6,142	(6,204)	(62)
5,516	(5,592)	(76)	Financing and investment	12	7,075	(6,730)	345
-	-	-	Spending on discontinued operations		-	-	-
27,250	(69,347)	(42,097)	Taxation and general grants	13	27,169	(61,275)	(34,106)
158,670	(155,925)	2,745	(Surplus) or deficit on Provision of Services		168,850	(155,681)	13,169
			Items that will not be reclassified to the Total spending on services				
		4,122	(Surplus) or loss from our assets being revalued				(55,586)
		(16,239)	Remeasurement of the assets of the pension fund	33			(12,044)
			Items that may be reclassified to the Total spending on services				
		(3)	(Surplus) or loss from financial assets				-
		(9,375)	Total income and expenditure	24			(54,461)

Movement in reserves statement

This section is a summary of our movement on our reserves.

Movement in Reserves	General fund £ 000	Capital receipts reserve £ 000	Capital grants unapplied (note 38) £ 000	Total usable reserves £ 000	Unusable reserves (note 22) £ 000	Total reserves £ 000
Balance at 1 April 2018	23,164	15,658	25,902	64,724	132,420	197,144
Total comprehensive income and expenditure	(2,745)	-	-	(2,745)	12,120	9,375
Adjustments from council tax levied and accounting regulations (note 9)	(9,282)	(15,316)	1,912	(22,686)	22,686	-
Net increase or (decrease)	(12,027)	(15,316)	1,912	(25,431)	34,806	9,375
Balance at 31 March 2019	11,137	342	27,814	39,293	167,226	206,519

Movement in Reserves	General fund £ 000	Capital receipts reserve £ 000	Capital grants unapplied (note 38) £ 000	Total usable reserves £ 000	Unusable reserves (note 22) £ 000	Total reserves £ 000
Balance at 1 April 2019	11,137	342	27,814	39,293	167,226	206,519
Total comprehensive income and expenditure	(13,169)	-	-	(13,169)	67,630	54,461
Adjustments from council tax levied and accounting regulations (note 9)	20,430	859	6,133	27,422	(27,422)	-
Net increase or (decrease)	7,261	859	6,133	14,253	40,208	54,461
Balance at 31 March 2020	18,398	1,201	33,947	53,546	207,434	260,980

Balance sheet

This section shows our financial position at the end of the financial year.

31 March 2019	Balance Sheet		31 March 2020
£ 000		Notes	£ 000
	Long-term assets		
177,813	Property, plant and equipment	14	227,777
79,324	Investment property	14	79,272
253	Intangible assets		315
3,901	Heritage assets	15	4,040
14,730	Long-term investments	16	6,482
4,202	Long-term debtors		1,792
280,223			319,678
	Current assets		
280	Stocks		292
10,611	Short-term investments	16	17,078
25,333	Short-term debtors	18	24,115
23,665	Cash in hand and cash equivalents	19	27,378
59,889			68,863
	Current liabilities		
(27,114)	Short-term creditors	20	(22,662)
(3,688)	Provisions	21	(5,090)
(1,119)	Cash overdrawn	19	-
(31,921)			(27,752)
	Long-term liabilities		
(1,530)	Long-term creditors	39	(4,860)
(2,849)	Capital grants received in advance	30	(3,152)
(97,293)	Liability relating to our pensions	33	(91,797)
(101,672)			(99,809)
206,519	Net assets		260,980

31 March 2019	Reserves		31 March 2020
£ 000		Notes	£ 000
	Reserves		
	Usable reserves (see Movement in Reserves Statement)		53,546
39,293			
167,226	Unusable reserves	22	207,434
206,519	Total reserves		260,980

Cashflow statement

This section shows what cash we spend and receive.

2018/19 £ 000	Cash Flow	Notes	2019/20 £ 000
	Operating activities		
	Spending		
(27,223)	Cash paid to and for employees		(27,587)
(44,104)	Housing benefit paid out		(39,139)
(217)	NDR payments to the national pool		(217)
(2,461)	Precepts		(2,540)
(2)	Payment to the housing capital receipts pool		-
(27,250)	Tariff & Levy/ Safety Net		(27,169)
(26)	Interest paid		(14)
(34,499)	Other costs		(25,897)
	Income		
8,234	Rents (after rebates)		8,941
14,937	Council tax		15,570
32,063	NDR we received		31,589
42,615	DWP grants for rebates		37,438
6,239	Other government grants		6,992
23,663	Cash we received for goods and services		23,930
820	Interest we received		765
4,672	Other revenue cash payments or income		6,817
(2,539)	Net cash inflow or (outflow) from operating activities	23	9,479
	Investing activities		
	Spending		
(38,140)	Buying non-current assets		(13,793)
(4,875)	Other capital cash payments		(2,618)
	Income		
1,046	Selling non-current assets		1,158
17,117	Capital grants and contributions we received		9,708
(240)	Other contributions		2,686
25,055	Change in our investments		1,541
(37)	Net cash inflow or (outflow) from Investing activities		(1,318)
(2,576)	Net cash inflow or (outflow) before financing		8,161
	Management of liquid resources		
	Financing activities		
397	Other liquid resources		(3,329)
397	Cash flow from financing activities		(3,329)
(2,179)	Increase or (decrease) in cash		4,832
24,725	Cash balance at the beginning of the year		22,546
22,546	Cash balance at the end of the year		27,378

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7 - Notes to the main financial statements

I Expenditure and Funding Analysis

The analysis of income and expenditure shown in the Comprehensive income and expenditure statement includes adjustments made under generally accepted accounting practices. The Expenditure and funding analysis shows how we report to the Management Team and Members and reconciles it to the Comprehensive income and expenditure statement. The 2018/19 figures have been restated to match the 2019/20 management reporting presentation.

2018/19 Restated			Expenditure and Funding Analysis	2019/20		
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting bases	Net Expenditure in Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting bases	Net Expenditure in Comprehensive Income and Expenditure Statement
£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	
392	56	448	Chief Executive	345	38	383
(290)	-	(290)	Corporate Management & DRM	(302)	-	(302)
8,758	1,653	10,411	Connected Chelmsford	8,601	4,091	12,692
1,249	5,694	6,943	Fairer Chelmsford	310	7,993	8,303
(3,370)	5,737	2,367	Greener Chelmsford	(3,131)	796	(2,335)
11,940	11,180	23,120	Safer Chelmsford	11,932	16,471	28,403
196	(335)	(139)	Other Service Costs	66	(218)	(152)
18,875	23,985	42,860	Spending on current services	17,821	29,171	46,992
2,461	(403)	2,058	Other operating expenditure	2,540	(2,602)	(62)
14,236	(14,312)	(76)	Financing and investment	(709)	1,054	345
-	-	-	Spending on discontinued operations	-	-	-
(23,545)	(18,552)	(42,097)	Taxation and general grants	(26,913)	(7,193)	(34,106)
12,027	(9,282)	2,745	Total spending on services	(7,261)	20,430	13,169

2018/19	Movement on General fund Balance (including Earmarked reserves)	2019/20
£ 000		£ 000
23,164	Opening Balance	11,137
(12,027)	Surplus/(Deficit)	7,261
11,137	Closing Balance at 31 March	18,398

2 General Accounting policies

The Statement of accounts is a summary of our transactions for the financial year 2019/20 and our position at the year-end, 31 March 2020. The content, layout and general rules we have used to prepare this Statement of accounts are stated in the Accounts and Audit (England) Regulations 2015. These regulations are embodied in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 a statement of recommended practice ('the Code'), supported by International Financial Reporting Standards.

The following accounting policies are considered to be general accounting policies. Accounting policies relating to a particular note to the accounts are included within that note.

Changes to accounting policies and estimates

We only change accounting policies when the accounting standards require us to do so, or when we think a change in policy will improve the presentation of the accounts and the way we manage our finances. When we do change a policy, we restate the amounts we presented in previous years so that all of the amounts in these accounts can be compared.

Please see note 3 for details of any accounting standards issued but not used in these accounts.

If we have made a material error in an amount we estimated in previous years, we will correct this by restating the previous year's amount.

Exceptional items

Where an exceptional item is material, we will show it separately in the Comprehensive income and expenditure statement. If it is not material, we will show it in a note to the accounts.

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 valuation always assumes any asset is in its most profitable use. The Council measures some of its non-financial assets such as investment properties, surplus assets and some of its financial instruments such as pooled funds. The Council's assets and liabilities for its employee pension scheme are also measured at fair value.

Going concern

The 'going concern' concept means that we prepare the financial statements on the assumption that our business is financially sound and not about to be liquidated.

As there is no evidence to the contrary, we have based the valuations and financial data on the assumption that the business will remain in existence for an indefinite period.

An indefinite period means the foreseeable future or long enough for us to meet our objectives and to fulfil our commitments. It is important to note that the 'going concern' concept assumes that the business will remain in existence long enough for all its assets to be fully used.

Joint projects

We are holding money as the main authority for a joint project with several other local authorities to improve houses in Essex. Until the money is used, we show it as 'not spent' in our Balance sheet. As the money is spent this amount gets smaller. If we spend our share of the money in the Chelmsford area, we show the amount spent in our Comprehensive income and expenditure statement. The amounts other authorities spend are not shown in our Comprehensive income and expenditure statement because it is not our money.

Overheads

To present the information on the same basis as our management reporting we do not reallocate the cost of support services to other service lines of the Comprehensive income and expenditure statement.

Revenue and capital transactions

Revenue and capital transactions are recorded on an income and expenditure (accruals) basis. This means we record income and grants, including government grants, in our accounts when we are owed it, rather than when we receive it. Likewise, we record spending in our accounts when we owe it, rather than when we actually make a payment. We do not accrue amounts under £1,000 where they would have no material impact.

Income from contracts with service recipients for goods and services is recorded in our income and expenditure statement when the goods or services are delivered to the service recipient, in accordance with the terms of the contract, rather than when we receive the payment.

We record revenue grants in the service they relate to. If a revenue grant does not relate to a specific service, we have shown it in the Comprehensive income and expenditure statement, below the total spending on services.

Where we are acting as an agent for another organisation (for example when collecting Council Tax and NDR) we only include income and expenditure and amounts owing that belong to us in the Comprehensive income and expenditure statement and Balance sheet. The Collection Fund includes all income and expenditure.

Where we have paid a full year's costs in the year, for example four quarterly electricity bills, we do not accrue amounts paid in advance or amounts owing at the year-end in the Balance sheet. The same applies for rents payable and rents received.

Revenue Expenditure Funded from Capital under Statute

Some items of expenditure can be funded by capital resources under Government Statute even though they do not create an asset owned by the Council. These items of expenditure are charged to the relevant service in Comprehensive income and expenditure statement but funded by a transfer from the Capital Adjustment Account, so there is no impact on Council tax.

Value added tax

VAT is not shown as spending, unless we cannot claim it back.

3 Accounting standards issued but not yet adopted

We need to disclose information relating to the impact of any changes in accounting standards that have been issued but not yet adopted for this financial year but will be used in preparing next year's accounts.

The following new standards require additional disclosures:

- 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.

We do not expect that these changes will have a material impact on our accounts.

CIPFA have postponed the adoption of the IFRS 16 Leases standard until 2021/22.

4 Critical judgements in applying accounting policies

We have made a number of judgements in preparing these accounts and have listed the more important ones below.

The Covid-19 virus outbreak is likely to have significant financial implication on the Council and its finances.

- There is a lot of uncertainty about the future level of Government grant funding. Prior to the outbreak, the Government was in the process of reviewing the basis of allocating funding to Local authorities, with the intention to announce a new funding distribution based on a revised formula for 2021/22. The New Homes Bonus grant scheme was also to be subject to review. Following the outbreak, there are likely to be delays in these reviews. It is unclear at this point what financial support Councils will receive from the Government to help us cope with the financial impact of the outbreak.

- Following Britain’s exit from the European Union, it is unclear how the new arrangements negotiated during the transitional period that is due to end 31 December 2020 will impact on the Council’s or Local Government finances generally.
- The Council needs to make a judgment on how the current circumstances will affect our ability to collect outstanding debt and make a provision for estimated non-collection. During 2020/21, the Government will provide some businesses with support through additional reliefs from business rates payments and pay one-off grants to support the most vulnerable businesses as well as providing additional reliefs to some of our council taxpayers. Despite this aid, the lock-down on movement and temporary closure of businesses are likely to have significant financial impact on individual businesses and residents’ financial position. It is difficult to predict the full scale of unprecedented measures the Government will take and what effect these measures will have on the local economy. Consequently, the estimation of non-collection of outstanding debt contains a significant level of judgement and increased uncertainty.
- The valuation of property and financial assets have been made under exceptional conditions of economic shutdown. The valuations made by Council officers and external valuers are made in the context of little sustainable observed evidence of the impact of Covid-19 on the property and to lesser extent financial markets. The valuations provided reflect the best information available at the time of the production of the accounts. There is a higher than normal risk of amendments to the valuations as part of the audit process. Changes to the valuations will have no impact on the ability of the Council to provide services.

5 Uncertainty about the future and other assumptions

The Statement of accounts contains estimated amounts that are based on historical knowledge and our judgements of the current conditions and the future. There is therefore some uncertainty about the amounts included in the Statement. The most critical amounts estimated are as follows.

Item	Uncertainties	Effect if assumptions change
Property, plant and equipment	Assets are depreciated over their useful lives and that life depends on how we maintain the assets. In the current economic climate there is some uncertainty about whether we may be able to continue our current level of maintenance.	The average life of our assets is 44 years and the depreciation charge for the year is £5.4m. If this life were reduced by a year, the depreciation charged would increase by £0.126m.
Property, and Investment Properties	Valuations require significant judgements to be made. The impact of Covid-19 is to create high degree of uncertainty attached to the valuations and therefore caution should be exercised. The property market is currently volatile and does not provide reliable observable inputs.	The impact of changes in valuation are on the Council’s Balance sheet and do not have a financial impact on service delivery. A 1% change in valuation on these categories would be £3m.

Pensions liability	The valuation of the pensions liability depends on many assumptions. The more important of these are how many years pension will be payable for, the rate of increase in salaries and pensions and the rate of inflation.	See note 33 for the effects of variations in these items.
NDR appeals	Since the introduction of the Business Rates Retention Scheme from 1 April 2013, authorities are liable for successful appeals against business rates charged to businesses, both in the current financial year and earlier years, in proportion to their local share of business rates income. Our share of business rates income is 40%.	We have created a provision for our estimate of the amount that might be repayable to 31 March 2020 following successful appeals. Our share of this provision is £5.1m (see Note 21). In 2017 Valuation Office Agency (VOA) completed a revaluation exercise for the Business Rates and new appeals are now being lodged for the 2017 list. The estimate for the appeals lodged before the revaluation has been calculated using the VOA ratings list of appeals, and historical data on successful appeals to date. The new check, challenge system of lodging and processing the appeals introduced for the 2017 list means that some lodged appeals will not be published by the VOA until they are validated. Due to lack of data available, we calculated our provision based on appeals lodged to date information and included properties where we think there is high risk of them lodging an appeal based on historical tendencies. It is possible that appeals will be settled at amounts which differ from the estimate made.
Arrears	We had a balance on sundry debtors of £26.5m at the year end. We have made an allowance for doubtful debts of £2.4m, based on various percentages of different ages of debts. In the current economic climate these assumptions may change.	If the economic conditions deteriorate, a doubling of the allowance for doubtful debts would require us to set aside another £2.4m.
Fair Value Measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices	The Council uses Level 1, 2 and 3 observable inputs for valuing its Investment properties and financial

	<p>in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Corporate Property Manager and external valuer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 14 and 16.</p>	<p>instruments. Level 1 and 2 inputs are those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability. Level 3 inputs are unobservable inputs that are used to measure fair value in circumstances where market data is not available as there is little, if any, market activity at the measurement date. Significant changes in any of the observable inputs could result in significantly lower or higher fair values.</p>
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6 Note to the Expenditure and funding analysis

The following table further explains the funding adjustments made in the Comprehensive income and expenditure statement under generally accepted accounting practices as shown in the Expenditure and funding Analysis in Note 1. The 2018/19 figures have been restated to match the 2019/20 management reporting presentation.

2018/19 Restated						Analysis of adjustments made to arrive at the Comprehensive Income and Expenditure Statement	2019/20					
Adjustments for Capital Charges	Net change for the Pensions Adjustment	Other Statutory Adjustments	Total Statutory Adjustments	Other (Non-statutory) Adjustments	Adjustments between the Funding and Accounting bases		Adjustments for Capital Charges	Net change for the Pensions Adjustment	Other Statutory Adjustments	Total Statutory Adjustments	Other (Non-statutory) Adjustments	Adjustments between the Funding and Accounting bases
(Note 1)	(Note 2)	(Note 3)		(Note 4)			(Note 1)	(Note 2)	(Note 3)		(Note 4)	
£ 000	£ 000	£ 000	£ 000	£ 000	£ 000		£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
	57		57	(1)	56	Chief Executive		39		39	(1)	38
			-		-	Corporate Management & DRM				-		-
580	1,067		1,647	6	1,653	Connected Chelmsford	3,247	849		4,096	(5)	4,091
793	599	15	1,407	4,287	5,694	Fairer Chelmsford	3,459	513	73	4,045	3,948	7,993
4,756	985		5,741	(4)	5,737	Greener Chelmsford	39	719		758	38	796
7,958	3,012		10,970	210	11,180	Safer Chelmsford	14,424	2,140		16,564	(93)	16,471
			-	(335)	(335)	Other Service Costs				-	(218)	(218)
14,087	5,720	15	19,822	4,163	23,985	Spending on current services	21,169	4,260	73	25,502	3,669	29,171
(645)			(645)	242	(403)	Other operating expenditure	(2,884)			(2,884)	282	(2,602)
(12,435)	2,634	(106)	(9,907)	(4,405)	(14,312)	Financing and investment	2,477	2,288	240	5,005	(3,951)	1,054
(17,976)		(576)	(18,552)		(18,552)	Taxation and general grants	(9,850)		2,657	(7,193)		(7,193)
(16,969)	8,354	(667)	(9,282)	-	(9,282)	Total spending on services	10,912	6,548	2,970	20,430	-	20,430

1. Adjustments for Capital Purposes

This column adds depreciation, impairments and revaluation gains and losses in the service lines, and for:

Other operating expenditure – Capital disposals transferring income on the disposal of the assets and the amounts written off for the assets.

Financing and investment income and expenditure – The statutory charges for capital financing including minimum revenue provision.

Taxation and Non-specific grant income and expenditure – Capital grants received during the financial year without any conditions or where conditions were met during the financial year.

2. Net Change for the Pension Adjustments

For service lines 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.

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

3. Other Statutory Adjustments

This shows any other amounts payable and receivable to be recognised under statute.

For Taxation and general grants this represents the timing difference with regards to the collection fund for income projected to be received and actual income received.

4. Other Non-Statutory Adjustments

This represents a removal of transactions between segments of the income and expenditure account, reallocation of insurance costs to other services costs as presented in the management reporting and removal of Trading accounts income and expenditure and Investment properties income so that they are shown in the Other operating expenditure and Financing and investment line of the Comprehensive income and expenditure account.

7 Major classes of cash receipts and payments (Comprehensive income and expenditure statement)

The movements in our Comprehensive income and expenditure statement include the following:

- Housing benefit payments (£39.1m)
- Government grant in respect of housing benefit paid to the Council (£37.4m)
- Income from sales, fees and charges and rents (£32.8m)
- Employee costs (£27.5m)

8 Events after the Balance sheet date

If anything happens after the end of the year and before we issue the Statement of accounts, we will either amend the accounts if it affects anything we reported on in the year or add a note to say how it will affect future years. We did not have any such items in this year.

9 Adjustments to expenditure to arrive at the final charge to council tax

Accounting Policy

We set aside specific amounts as reserves for future purposes, or to cover contingencies, or to deal with the local authority legal requirements for capital and pension accounting. Reserves are created by moving amounts from the General fund in the Movement in reserves statement. When we incur expenditure that is due to be financed from a reserve, we charge it to the appropriate service in the Comprehensive income and expenditure statement. We credit the statement with an equal amount transferred from the reserve so that there is no charge to council tax.

The following are the main reserves we include in the Balance sheet.

<i>Capital adjustment account</i>	<i>Includes amounts we have set aside to pay for fixed assets. It also includes capital receipts we have set aside to repay loans and other capital financing transactions, and revaluation gains before 1 April 2007. This is an unusable reserve.</i>
<i>Capital receipts reserve</i>	<i>Represents the money we have received, but not yet spent, from selling assets. This is a usable reserve.</i>
<i>Earmarked reserves</i>	<i>These are usable reserves set aside for a specific purpose.</i>
<i>Pension reserve</i>	<i>Represents the shortfall on assets needed to cover our future pension costs. This is an unusable reserve.</i>
<i>Revaluation reserve</i>	<i>Shows changes in the value of our fixed assets caused by revaluing them. It only has revaluation gains recognised after 1 April 2007. Any gains before that date are shown in the Capital adjustment account. This is an unusable reserve.</i>

Movements in 2018/19	General fund £ 000	Capital receipts £ 000	Capital grants £ 000	Total usable £ 000	Unusable reserves £ 000	Total reserves £ 000
Reversal of items included in the Comprehensive income and expenditure statement (CI&ES)						
Depreciation and impairment of non-current assets	(6,801)			(6,801)	6,801	-
Revaluation losses on property, plant and equipment	(2,200)			(2,200)	2,200	-
Change in the market value of investment properties (+gain/-loss)	(2,591)			(2,591)	2,591	-
Amortisation of intangible assets	(211)			(211)	211	-
Capital grants and contributions applied to capital financing	1,742			1,742	(1,742)	-
Movement in the donated assets account						-
Revenue expenditure funded from capital under statute	(4,875)			(4,875)	4,875	-
Gain or loss on the disposal of non-current assets	(399)	(416)		(815)	815	-
Statutory Account for Unrealised Gain & Losses on Investments	106			106	(106)	-
Inclusion of items not included in the CI&ES						
Statutory provision for the financing of capital investment				-	-	-
Capital expenditure charged to the general fund	15,026			15,026	(15,026)	-
Adjustments involving the capital receipts reserve						
Asset sale proceeds credited to the CI&ES	1,046	(1,074)		(28)	28	-
Use of capital receipts to fund new capital spending			16,806	16,806	(16,806)	-
Capital receipts used to fund sale costs						-
Transfers to the housing capital receipts pool	(2)	2		-		-
Transfers from deferred capital receipts on receipt of cash		(2)		(2)	2	-
Adjustments involving the capital grants unapplied account						
Reversal of unapplied capital grants and contributions credited to the CI&ES	6,896		(6,896)	-		-
CIL grant	9,338		(9,338)	-		-
Grants applied to capital financing			14,322	14,322	(14,322)	-
Adjustments involving the deferred capital receipts reserve						
Deferred asset sale proceeds credited to the CI&ES						-
Adjustments involving the financial instruments adjustment account						
Difference between financing costs charged under statutory and accounting						-
Adjustments involving the pension reserve						
Reversal of post-employment benefits charged to the CI&ES	(12,234)			(12,234)	12,234	-
Employer's pension contributions paid in the year	3,880			3,880	(3,880)	-
Actuarial gains or losses				-	-	-
Adjustments involving the collection fund adjustment account						
Adjustment for Council Tax collection fund income	(98)			(98)	98	-
Adjustment for Non-domestic rates collection fund income	674			674	(674)	-
Adjustments involving the unequal back-pay adjustment account						
Difference between costs charged under statutory requirements and those						-
Adjustments involving the accumulating compensated absences adjustment account						
Difference between costs charged under statutory requirements and those	(15)			(15)	15	-
Total adjustments	9,282	15,316	(1,912)	22,686	(22,686)	-

Movements in 2019/20	General fund	Capital receipts reserve	Capital grants unapplied	Total usable reserves	Unusable reserves	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Reversal of items included in the Comprehensive income and expenditure account (CI&ES)						
Depreciation and impairment of non-current assets	(5,454)			(5,454)	5,454	-
Revaluation losses on property, plant and equipment	(12,963)			(12,963)	12,963	-
Change in the market value of investment properties (+gain/-loss)	(2,519)			(2,519)	2,519	-
Amortisation of intangible assets	(134)			(134)	134	-
Capital grants and contributions applied to capital financing	1,036			1,036	(1,036)	-
Movement in the donated assets account				-		-
Revenue expenditure funded from capital under statute	(2,618)			(2,618)	2,618	-
Gain or loss on the disposal of non-current assets	1,726	(3,576)		(1,850)	1,850	-
Unrealised gain or loss on Investments	(240)			(240)	240	-
Inclusion of items not included in the CI&ES						
Statutory provision for the financing of capital investment	42			42	(42)	-
Capital expenditure charged to the general fund	-			-	-	-
Adjustments involving the capital receipts reserve						
Asset sale proceeds credited to the CI&ES	1,158	(1,202)		(44)	44	-
Use of capital receipts to fund new capital spending		3,919		3,919	(3,919)	-
Capital receipts used to fund sale costs				-	-	-
Transfers to the housing capital receipts pool				-	-	-
Transfers from deferred capital receipts on receipt of cash				-	-	-
Adjustments involving the capital grants unapplied account						
Reversal of unapplied capital grants and contributions credited to the CI&ES	5,095		(5,095)	-	-	-
CIL grant	3,719		(3,719)	-	-	-
Grants applied to capital financing			2,681	2,681	(2,681)	-
Adjustments involving the deferred capital receipts reserve						
Deferred asset sale proceeds credited to the CI&ES				-	-	-
Adjustments involving the financial instruments adjustment account						
Difference between financing costs charged under statutory and accounting				-	-	-
Adjustments involving the pension reserve						
Reversal of post-employment benefits charged to the CI&ES	(10,599)			(10,599)	10,599	-
Employer's pension contributions paid in the year	4,051			4,051	(4,051)	-
Actuarial gains or losses				-	-	-
Adjustments involving the collection fund adjustment account						
Adjustment for Council Tax collection fund income	104			104	(104)	-
Adjustment for Non-domestic rates collection fund income	(2,761)			(2,761)	2,761	-
Adjustments involving the accumulating compensated absences						
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	(73)			(73)	73	-
Total adjustments	(20,430)	(859)	(6,133)	(27,422)	27,422	-

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10 A detailed assessment of our earmarked reserves

The following table shows details of movements in these reserves.

Earmarked Reserves	Pensions	Insurance reserve	Future replacement of assets	Digital Strategy	Digital Programme Reserve	Contingency	Chelmsford Development	NDR reserve	Other reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 1 April 2018	138	941	2,994	652	-	3,340	8,778	37	1,035
Transfers in	1,399	202	1,744	-	-	327	2,979	-	40
Transfers out	(374)	(334)	(4,738)	(576)	-	(175)	(11,757)	-	(357)
Balance at 31 March	1,163	809	-	76	-	3,492	-	37	718
Transfers in	2,399	592	211	-	150	-	-	1,954	535
Transfers out	(192)	(218)	(211)	(76)	(42)	(450)	-	(37)	(164)
Balance at 31 March	3,370	1,183	-	-	108	3,042	-	1,954	1,089

a Pensions

This reserve was set up to deal with the future effects of costs arising from early retirements and deficits on the pension fund.

b Insurance reserve

We use this reserve to cover the cost of policy excesses mainly related to fire and liability policies and self-insurance.

c Future replacement of assets

This reserve was set up to finance the replacement of our long-term assets.

d Digital Strategy and Digital Programme

Reserves which aim to improve the efficiency and ease by which the public can interact with the Council and provide solutions to problems using a digital solution.

e Contingency reserve

To meet any unexpected costs including shortfalls on interest income and Business Rate Retention.

f Chelmsford Development Fund

A fund to meet the cost of future investments in the area.

g NDR reserve

To manage timing differences from payments and income from Business Rate Retention scheme.

11 Other operating expenditure

2018/19			Other operating expenditure	2019/20		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
2,461	-	2,461	Parish council precepts	2,540	-	2,540
3,456	(3,214)	242	(Gains) or losses on trading operations (note 25)	3,602	(3,320)	282
399	-	399	(Gain) or losses on disposal of non-current assets	-	(1,726)	(1,726)
-	(1,046)	(1,046)	(Gain) or losses on disposal of unattached assets	-	(1,158)	(1,158)
2	-	2	Payments to the Housing capital receipts pool	-	-	-
6,318	(4,260)	2,058		6,142	(6,204)	(62)

12 Financing and investments

2018/19			Financing and investments	2019/20		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
-	(820)	(820)	Interest and investment income (note 16)	-	(765)	(765)
26	-	26	Interest we have to pay (note 16)	14	-	14
1	(103)	(102)	Other investment income or loss	240	-	240
2,634	-	2,634	Pensions interest (note 33)	2,288	-	2,288
2,591	-	2,591	Revaluation of investment properties	2,519	-	2,519
264	(4,669)	(4,405)	Investment properties (note 25)	2,014	(5,965)	(3,951)
5,516	(5,592)	(76)		7,075	(6,730)	345

13 Taxation and non-specific grants

2018/19			Taxation & general grants	2019/20		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
-	(31,305)	(31,305)	National non-domestic rates	-	(29,461)	(29,461)
26,461	(1,956)	24,505	Government tariff, s31 grant, levy and safety net on non-domestic rates	27,068	(2,583)	24,485
-	(14,886)	(14,886)	Demand on the collection fund	-	(15,526)	(15,526)
789	(21,200)	(20,411)	Capital grants, New homes bonus, contributions to/from the Business rates pool and other grants and contributions	101	(13,705)	(13,604)
27,250	(69,347)	(42,097)		27,169	(61,275)	(34,106)

14 Movements on our assets

Independent external valuers are used to revalue our properties. A change in our external valuer has resulted in the majority of our assets being revalued in 2019/20. These valuations were undertaken by Montagu Evans on the 31st March 2020.

The assets the Council holds have not materially altered but changes to value and/or economic lives of assets may be more significant than usual due to the change in valuer and their interpretation and application of valuation methodology. This may have resulted in higher than usual degrees of value change, both positively and negatively. The impact of these changes does not result in any real change in the financial health of the authority or its ability to provide its services.

All valuations are in line with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The valuer did not inspect all our properties, as this was not possible or necessary.

Our valuer has reported that the valuations have been prepared on the basis of 'material uncertainty' resulting in a higher degree of caution being attached to the valuations. Given the unknown future impact that Covid-19 might have on assets, they recommend that the valuations are kept under frequent review.

It is only over time that market activity will dictate whether there are long term property valuation implications but in the short term, in the absence of actual market evidence, we can only rely on the advice of our valuers and where they observe changes in market sentiment are most likely to have an identifiable impact on their approach to valuations. The users of the accounts should therefore take this into account when reaching any conclusions in respect of the Council's finances in relation to these assets.

Accounting policies

Charges to Revenue for Assets

We charge service revenue accounts, central support services and trading undertakings for all the fixed assets they use to provide their services. There are depreciation charges that cover the estimated loss in value over time of physical assets that each service has used which are spread on a straight-line basis over the asset's life.

Investment Properties

Investment properties are those we use solely to earn rentals or hold in the expectation that they will increase in value. The property cannot be used to deliver Council services.

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. 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.

We credit rental income from the properties to the Financing and investment income line in the accounts. We add any revaluation gains to the Financing and investment income and expenditure line in the Comprehensive income and expenditure statement but reverse them out before they affect council tax.

Property, Plant and Equipment

Physical assets are used in providing Council services. They must provide benefit for more than one financial year.

Spending on capital assets is recorded in our accounts when the work has been done, or when the asset has been delivered to us, rather than when we actually pay for it.

Different types of asset are valued as follows:

- Vehicles and equipment such as lorries, computers or lawnmowers are valued at cost of buying them.
- Community assets such as parks are valued at cost, unless the external valuers identify a more appropriate value.
- Infrastructure assets such as bridges, footways and street furniture are valued at cost.
- Other assets such as land and buildings are valued at price that would be paid for the asset in its existing use. Where there is no market-based evidence because the asset is so specialist they are valued at depreciated replacement cost.
- Assets Held for Sale, when it becomes highly likely that an asset will be sold then the asset is revalued immediately before reclassification and then carried at the lower of this amount and its fair value less costs to sell.
- Surplus assets are those not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or assets held for sale. The fair value of surplus assets 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.

Around one third of our assets are revalued every year until the end of three years when we will have revalued all our land and buildings. However, if there is evidence of a big change in an asset's value in any year, we will revalue that asset immediately.

Increases in revaluations result in the property, plant and equipment values rising and a credit being made to the Revaluation reserve to recognise the unrealised gain. The unrealised gain means the asset is now worth more but we have not sold it and realised that gain. Sometimes, if the asset had previously suffered a loss, the gain on revaluation will be credited to the Comprehensive income and expenditure statement, but the effect will be removed before it affects council tax.

We charge decreases in valuations as follows:

- If there is a balance on the Revaluation reserve from previous gains, we charge decreases against those gains.

•If there is no balance on the Revaluation reserve or if it is insufficient, we charge the shortfall to the Comprehensive income and expenditure statement. This is reversed out before it affects council tax.

Sometimes an asset falls in value because part of it has broken or worn out (impairment), for example if a roof starts to leak and needs to be replaced. The Council reviews its assets annually for these impairments. When an impairment occurs, we charge it as follows:

- When there is a balance in the Revaluation reserve, the impairment will be charged there.
- Where there is no balance on the Revaluation reserve, we make a charge to the service that uses the asset. This is reversed out before it affects council tax.

When we are deciding whether to reduce the value of our assets, we use the following rules:

We reduce the value of most of our assets steadily throughout their useful lives from the time they are ready for use (depreciation). The exceptions to this are community assets, freehold investment properties and other assets held for sale (but only from the date we have decided to sell them).

If the Council still owns equipment and intangible assets where they are fully depreciated, we take a decision to revalue them only if their value is over £10,000. Otherwise the asset is written out of the Balance sheet on disposal.

The useful lives we have decided on for our assets are estimates and depend on the type of asset. We have set out below the shortest and longest time we expect each type of asset to be valuable:

- | | |
|-------------------------|-------------|
| •Buildings | 7 -40 years |
| •Vehicles and equipment | 3-23 years |
| •Intangible assets | 2-7 years |

We decide each year whether the useful lives figures are still appropriate.

Any gain in the value of the asset recorded in the Revaluation reserve is reduced every year as the asset depreciates. This reflects the change in value as an asset wears out or becomes less useful. It is generally the cost to buy the asset minus any money we expect to gain from selling the asset, divided by the number of years the asset will be useful. We show the falling value of assets through a charge to the Capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)	Other land and buildings	Vehicles and equipment	Infra-structure	Community assets	Assets being built	Surplus assets	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Net book value on 1 April 2018 (after depreciation)	133,221	6,731	-	4,865	11,386	1,419	157,622
Total book value on 1 April 2018	138,281	15,324	-	4,865	11,386	1,425	171,281
Assets we have transferred	2,985	5		18	(6,506)	3,538	40
Assets we have bought or improved	1,136	2,676		15	29,439	593	33,859
Assets that were donated							-
Adjustment to accruals for assets we bought							-
Assets we have sold	(589)	(26)					(615)
Assets no longer required		(757)					(757)
Assets we have impaired							-
Assets revalued	(6,793)			12		15	(6,766)
Total book value on 31 March 2019	135,020	17,222	-	4,910	34,319	5,571	197,042
Depreciation and impairment on 1 April 2018	5,060	8,593	-	-	-	6	13,659
Assets we have transferred							-
Revaluation adjustment							-
Amounts written out on assets we have sold	(204)	(739)					(943)
Impairments recognised in the cost of provision of services	1,880						1,880
Impairments recognised in the revaluation reserve	5,745						5,745
Impairments written out	(3,539)						(3,539)
Depreciation written out	(2,491)					(3)	(2,494)
Depreciation for the year	3,344	1,573				4	4,921
Depreciation on 31 March 2019	9,795	9,427	-	-	-	7	19,229
Net book value on 31 March 2019 (after depreciation)	125,225	7,795	-	4,910	34,319	5,564	177,813

PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)	Other land and buildings	Vehicles and equipment	Infra-structure	Community assets	Assets being built	Surplus assets	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Net book value on 1 April 2019 (after depreciation)	125,225	7,795	-	4,910	34,319	5,564	177,813
Total book value on 1 April 2019	135,020	17,222	-	4,910	34,319	5,571	197,042
Assets we have transferred	41,175	8	133	35	(42,466)	1,689	574
Assets we have bought or improved	1,181	2,457		70	9,727	45	13,480
Assets that were donated				29			29
Adjustment to accruals for assets we bought							-
Assets we have sold or disposed of	(1,091)	(420)					(1,511)
Assets no longer required		(494)					(494)
Assets we have impaired							-
Assets revalued	40,007			(452)		(1,051)	38,504
Total book value on 31 March 2020	216,292	18,773	133	4,592	1,580	6,254	247,624
Depreciation on 1 April 2019	9,795	9,427	-	-	-	7	19,229
Assets we have transferred							-
Revaluation adjustment							-
Amounts written out on assets we have disposed of	(10)	(846)					(856)
Impairments recognised in the cost of provision of services	-						-
Impairments recognised in the revaluation reserve	-						-
Impairments written out	-						-
Depreciation written out	(3,960)					(19)	(3,979)
Depreciation for the year	3,666	1,770	4			13	5,453
Depreciation on 31 March 2020	9,491	10,351	4	-	-	1	19,847
Net book value on 31 March 2020 (after depreciation)	206,801	8,422	129	4,592	1,580	6,253	227,777

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT	Other land and buildings	Vehicles and equipment	Infra-structure	Community assets	Assets being built	Surplus	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Historic cost	10,555	18,773	133	4,570	1,580	122	35,733
Carrying fair value at:							
31 March 2020 (valuation date 31/03/2020)	205,731			22		6,132	211,885
31 March 2019 (valuation date 30/11/2018 & 31/03/2019)	-						-
31 March 2018 (valuation date 31/12/2017 & 31/03/2018)	-						-
31 March 2017 (valuation date 31/12/2016)	-						-
31 March 2016 (valuation date 31/12/2015)	6						6
Total	216,292	18,773	133	4,592	1,580	6,254	247,624

INVESTMENT PROPERTIES (NON-CURRENT ASSETS)	2018/19			2019/20		
	Assets being built	Assets	Total	Assets being built	Assets	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance on 1 April	40	73,218	73,258	-	79,324	79,324
Additions						
Properties we bought		8,763	8,763		3,570	3,570
Properties we built						
Properties we improved		316	316	(56)	211	155
Disposals		(382)	(382)		(685)	(685)
Net gain or (loss) from fair value adjustments		(2,591)	(2,591)		(2,519)	(2,519)
Transfers (to) or from						
Stocks						
Property, plant and equipment	(40)		(40)	76	(649)	(573)
Other changes						
Balance on 31 March	-	79,324	79,324	20	79,252	79,272

The operating costs and income from our investment properties can be found in note 25 of the notes to the main financial statements.

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1) £ 000	Other significant observable inputs (Level 2) £ 000	Significant unobservable inputs (Level 3) £ 000	Fair value as at 31 March 2019 £ 000
Commercial Site		19,123		19,123
Development site		8,071		8,071
Pending Sale				
Residential (market rental) properties		243		243
Retail Sites		51,887		51,887
Balance on 31 March 2019	-	79,324	-	79,324

Recurring fair value measurements using:	Quoted prices in active market for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2020
	£ 000	£ 000	£ 000	£ 000
Commercial Site		22,506		22,506
Development site		3,843	3,137	6,980
Pending Sale				
Residential (market rental) properties		296		296
Retail Sites		49,470		49,470
Balance on 31 March 2020	-	76,115	3,137	79,252

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs)	
	£ 000
Balance 1 April 2019	-
Transfers into Level 3	3,142
Transfers out of Level 3	-
Total Gains or Losses included on the Provision of Services Resulting From Changes in the Fair Value	(5)
Additions	-
Disposals	-
Balance as at 31 March 2020	3,137

Quantitative Information about Fair Value Measurement of Investment Properties Using Significant Unobservable Inputs - Level 3	Fair value as at 31 March 2020 £000	Valuation technique used to measure fair value	Unobservable inputs	Range (weighted average used)	Sensitivity
Development Sites	3,082	Market Approach	Estimated Revenue Streams, Construction Costs and Profit margins	25% Discount for Lack of Planning Permission	Significant changes will result in a significantly lower or higher Fair Value
Development Sites	55	Market Approach	Estimated Land Value	N/A	Significant changes will result in a significantly lower or higher Fair Value
Total Significant Unobservable Inputs	3,137				

There has been a change in the Fair Value measurement category for some of our assets from level 2 observable inputs to level 3 unobservable inputs. The categorisation of assets involves the valuers making a judgement based on the latest available information. The introduction of new valuers this year and the application of their experience and judgement of the information available has been incorporated within the valuations. This is a change in estimation. The changes occurred at the date of valuation, 31st March 2020.

Funding our capital expenditure

We incurred the following amounts of capital expenditure in the year, including assets acquired through finance leases. We have shown these, together with a statement of the resources used to finance the expenditure below. The balance on the capital financing requirement is £12.387m, At the end of the year we have an external debt of £0.738m (finance lease) and £11.649m internal borrowing against reserves.

CAPITAL EXPENDITURE AND CAPITAL FINANCING	2018/19	2019/20
	£ 000	£ 000
Opening capital finance requirement at 1 April	-	-
Expenditure on		
Property plant and equipment	33,859	13,509
Investment properties	9,079	3,725
Heritage assets	29	
Intangible assets	49	212
Revenue expenditure funded from capital under statute and Renovation	4,879	2,618
Less sources of finance		
Capital receipts	(16,805)	(3,919)
Government grants and other contributions	(16,064)	(3,716)
Revenue funding	(15,026)	
Minimum revenue provision		(42)
Capital financing requirement at 31 March	-	12,387

15 Heritage assets

Accounting Policies

Heritage assets

Heritage assets are items the Council owns that have historic importance. These may be on display in the Council's museums or in safe storage. The Council has, since 2011/12, been required to include valuations of its heritage assets in its accounts.

The Council reviews its Heritage assets every year as part of its insurance valuation process. Details on the methods used are shown below.

The Council records its heritage assets under the following headings:

1. Archaeology and Numismatics
2. Pottery, drinking glasses and pewter
3. Works of art
4. Natural History taxidermy, botanical and geological specimens
5. Social, agricultural and industrial history, including costume
6. Statues
7. Mayor's office
8. Small-value items

Valuations have been made using a range of methods; external valuers, in house experts, indexation and average valuations for groups of items.

The Council adds to its collection regularly. However, these are not expensive or numerous purchases of heritage assets. We occasionally receive donated items, usually for Hylands House, and these will be recorded at valuation on their acceptance by the Council. Hylands House is not a heritage asset as it is used as a venue for weddings and corporate meetings, for which the Council charges fees.

We revalue any heritage assets that suffer damage. We do not normally dispose of, or sell heritage assets.

The collections of the Essex Regiment Museum are owned by separate Trustees, under a 25-year management agreement with the Council signed in March 1999. It stipulates that the Council will insure the regimental collections in the same way as it insures its own Chelmsford Museum collections. However, we do not include regimental collections in our Balance sheet valuations.

Heritage Valuers

We have used the following external valuers to value our heritage assets.

- David S. Moulson, MBE, BSc (pewter valuations)
- Sotheby's the auction house, Seabys (international coin sellers) and J & S Rogers (silversmiths)

- Robert Dalgety

Heritage assets by category

Heritage Assets	Archaeology and Numismatics £ 000	Natural History taxidermy, botanical and geological specimens £ 000	Pottery, drinking glasses and pewter £ 000	Social, agricultural & industrial history, including costume £ 000	Statues £ 000	Mayor's Office £ 000	Works of Art £ 000	Total £ 000
1st April 2018	220	227	481	1,091	483	144	1,070	3,716
Additions				29				29
Revaluations	9	8	17	63	17	5	37	156
31 March 2019	229	235	498	1,183	500	149	1,107	3,901
Additions								-
Revaluations	8	8	20	48	15	4	36	139
31 March 2020	237	243	518	1,231	515	153	1,143	4,040

Commentary on movements

The revaluations for Heritage Assets reflect indexing of all assets in line with insurance estimates.

Overview of our collection

Heritage assets owned by Chelmsford City Council are held by the Museums Service. Most are displayed at the Chelmsford Museum in Oaklands Park, or stored in a warehouse at South Woodham Ferrers.

The industrial and agricultural collections are held at Sandford Mill where they are displayed or stored.

Some works of art and other items are displayed at Hylands House.

Mayoral regalia and mayoral gifts are held at the Civic Centre.

Chelmsford Museum is accredited with the Arts Council England Scheme (Number 579), which recognises minimum required standards for collections, care, visitor services and constitutional arrangements.

The Museum collection is added to from time to time, mainly through donation of objects by members of the public, but also by some purchase of objects. An Acquisition & Disposals Policy sets out the different strengths of the collection, current collecting themes, and criteria for collecting (broadly, items made or used in the City of Chelmsford). No material purchases or disposals have occurred in the last two years.

16 Categories of financial assets and liabilities

Accounting policy

We record our investments and borrowings in the following ways:

- Most of our investments are deposits with banks, building societies or other UK local authorities. These assets generate payments solely of principal and interest. We must show their value on the Balance sheet, including interest yet to be paid to the Council. Any interest received or due at the Balance sheet date is shown in the Comprehensive income and expenditure statement. These types of investment are measured at amortised cost in accordance with IFRS9.
- We also invest some money in Pooled Investment Funds. Payments from these funds are not solely principal and interest as they are equity instruments with the Council earning dividends and redeeming shares at the prevailing market rate. The Council accounts for these as Fair Value through Profit and Loss (FVPL) in accordance with IFRS9.
- The income from the “FVPL” investments is credited to the Comprehensive income and expenditure statement when it becomes receivable.
- If the value of an FVPL asset changes from the price that it was originally invested at then the Balance sheet shows the investment at its valuation at the Balance sheet date. The difference between these values, being an unrealised gain or loss is charged to revenue and reversed out to the Pooled Funds Adjustment Account before it has impact on Council Tax. The cumulative gain or loss held in the Pooled Funds Adjustment Account is charged to Comprehensive income and expenditure Statement when the investment is sold.
- All our borrowing is shown on the Balance sheet, including any interest owed by the Council. Interest payable for the accounting period is charged to the Comprehensive income and expenditure statement.

Impairment provisions for financial assets

Investments

The Council makes impairment provisions against non-trade receivable financial assets in line with IFRS9. 12 month expected credit losses are applied to all assets held at amortised cost, with reviews made for lifetime losses where credit risk has increased significantly.

We calculate a provision for 12 month expected credit losses on all of our financial assets held at amortised cost, excluding investments in the UK Government and other local authorities.

Should the risk of loss increase significantly for a specific asset or category of assets then the provision will be increased to represent lifetime credit losses. This provision is charged to the Comprehensive income and expenditure statement and reduces the carrying value of the financial assets on the Balance sheet.

Loss provisions are not required for assets held at Fair Value through Profit and Loss (FVPL) because current market prices as recorded in the accounts reflects market expectations of credit risk.

In line with CIPFA guidance, investments with the UK Government and UK Local Authorities are exempted from loss provisions.

Trade receivables, lease receivables and contract assets

Impairment provisions for trade receivables, lease receivables and contract assets follow the simplified method as set out in the CIPFA code, where lifetime expected credit losses are provided for. For trade receivables Council makes specific allowances for known assets facing increased credit risk and then makes further provision for its receivables on a collective basis using historical patterns experienced by the authority.

The tables below show the categorisation of our financial assets and liabilities:

2018/19			SHORT-TERM	2019/20		
Investments £ 000	Cash & cash equivalents £ 000	Receivables & payables £ 000		Investments £ 000	Cash & cash equivalents £ 000	Receivables & payables £ 000
			Financial assets			
	15,136		Fair value through profit or loss		12,973	
10,611	8,529	17,368	Amortised cost	17,078	14,405	17,678
10,611	23,665	17,368	Total financial assets	17,078	27,378	17,678
10,611	23,665	17,368	Total assets	17,078	27,378	17,678
			Financial liabilities			
	(1,119)	(10,036)	Amortised cost			(4,784)
-	(1,119)	(10,036)	Total financial liabilities	-	-	(4,784)
-	(1,119)	(10,036)	Total liabilities	-	-	(4,784)

2018/19		LONG-TERM	2019/20	
Investments £ 000	Receivables & payables £ 000		Investments £ 000	Receivables & payables £ 000
		Financial assets		
6,722		Fair value through profit or loss	6,482	
8,008	4,202	Amortised cost		1,792
14,730	4,202	Total financial assets	6,482	1,792
14,730	4,202	Total assets	6,482	1,792
		Financial liabilities		
	(1,530)	Amortised cost		(4,860)
-	(1,530)	Total financial liabilities	-	(4,860)
-	(1,530)	Total liabilities	-	(4,860)

The table below sets out income, expenses, gains and losses in the year

2018/19		INCOME, EXPENSE, GAINS AND LOSSES	2019/20	
Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure		Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
£ 000	£ 000		£ 000	£ 000
		Net gains/Losses on:		
(102)		Financial assets measured at fair value through profit or loss	240	
	(3)	Financial assets measured at amortised cost		
(102)	(3)	Total Net gain/losses	240	-
		Interest & Investment revenue:		
(411)		Interest income from financial assets measured at amortised cost	(334)	
(409)		Dividend income from assets measured at fair value through profit and loss	(431)	
(820)	-	Total interest & Investment revenue	(765)	-
26		Interest expense	14	

The changes in the loss allowance for investments and trade receivables is set out in the following table. A provision for expected credit losses on financial assets is calculated based on historic average losses by credit rating, the security of any collateral and a market adjustment for current conditions. This provision was calculated at £10,157 for 2019/20 so has not been presented in the accounts as it is not material.

	Investments					Debtors	Total
	12-month expected credit losses	Lifetime expected credit losses – not credit	Lifetime expected credit losses – credit impaired	Purchased or originated credit impaired financial	Lifetime expected credit losses – simplified	£ 000	
	£ 000	£ 000	£ 000	£ 000	£ 000		
Opening balance as at 1 April 2018	-	-	-	-	548	548	
Transfers:							
Individual financial assets transferred to 12-month expected credit losses						-	
Individual financial assets transferred to lifetime expected credit losses						-	
Individual financial assets transferred to lifetime expected credit losses credit impaired						-	
New financial assets originated or purchased						-	
Amounts written off					(311)	(311)	
Financial assets that have been derecognised						-	
Changes in model/risk parameters						-	
Adjustment to loss allowance					419	419	
As at 31 March 2019	-	-	-	-	656	656	
Opening balance as at 1 April 2019	-	-	-	-	656	656	
Transfers:							
Individual financial assets transferred to 12-month expected credit losses						-	
Individual financial assets transferred to lifetime expected credit losses						-	
Individual financial assets transferred to lifetime expected credit losses credit impaired						-	
New financial assets originated or purchased						-	
Amounts written off					(339)	(339)	
Financial assets that have been derecognised						-	
Changes in model/risk parameters						-	
Adjustment to loss allowance					296	296	
As at 31 March 2020	-	-	-	-	613	613	

Fair value

The fair value is calculated by comparing investments made during the year to the interest rates available on 31 March 2020 for new investments that would end at the same time. The difference in value is because different market interest rates than would be available at the year-end date.

The following table sets out this difference between the reporting value and the fair value of the Council's assets:

Fair Value	31 March 2019		31 March 2020	
	Reporting Value £ 000	Fair value £ 000	Reporting Value £ 000	Fair value £ 000
Financial assets				
Investments and cash equivalents	48,968	48,969	50,879	50,929
Cash	37	37	59	59
Leasing debtor				
Long-term receivables	4,202	4,202	1,792	1,792
Financial liabilities				
Cash	(1,119)	(1,119)	-	-

The following table provides a breakdown of the valuation technique for our financial assets measured at fair value through profit and loss.

Money Market Funds have been excluded because there are regular changes in invested sums and due to MMF regulations the actual fair value price would always be £1 unless a fund was impaired.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique to measure fair value	31st March 2019 £ 000	31st March 2020 £ 000
Local Authority Property Fund	Level I	Unit Prices	6,723	6,482
Total			6,723	6,482

The risks we face when we invest in financial instruments, and how to reduce those risks

The Council has money that it is not planning to spend straightaway, so it is invested to earn interest. When we invest millions of pounds, we must consider what could go wrong and how to avoid or minimise these dangers or risks. There are three main types of risk: credit risk, liquidity risk and market risk. This section explains what these risks are and how we manage them to try to avoid them or reduce the effect when things go wrong.

Our risk-management process looks at the unpredictability of financial markets and tries to minimise any adverse effects on the resources available to pay for services.

Credit risk: Treasury Investments

This is the danger that once we have invested money with another organisation they fail to pay interest or repay the original investment.

We will only invest in certain types of investment and place limits in the total we will invest with any one counter party or group. We estimate how safe an investment is

depending on how likely it is that the organisation will be able to repay the money. How we measure this depends on the type of organisation but this includes credit ratings, CDS swap information and advice from the Council's treasury advisors.

We present reports to Council meetings at the beginning of every year and half way through it to agree who we can lend money to. The type of investment we choose can help to reduce the risk of failure. The table below gives the types and the maximum amounts that can be invested, as set out in the Council's Treasury Management Strategy (limits approved at February 2019 Full Council meeting).

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

2018/19		Credit Rating	2019/20	
Short term	Long term		Short term	Long term
£ 000	£ 000		£ 000	£ 000
	3,011	AAA	3,007	
		AA+		
		AA		
3,004		AA-	6,023	
		A+	3,004	
1		A	1,324	
486		A-		
		BBB+		
15,552	5,055	Unrated local authorities	18,067	
		Unrated Building Societies		
		Unrated Housing Associations		
15,136	6,723	Credit Risk not applicable	12,972	6,482
34,179	14,789	Total	44,397	6,482

The table below details the counterparties approved in the Council's Treasury Management Strategy for 2019/20:

Investments	Minimum Credit Criteria	Max. Limit £m	Max. maturity period
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5 day notice
Money Market Funds (per fund)	AAA	£6m each fund	Instant access
Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts	UK Government	No Limit	5 years
CCLA Local Authority Property Fund	Unrated	£8m	n/a
Local Authorities / Bank Deposits			
Collateralised (guaranteed against local authority loans)	UK Government	No Limit	5 years
UK Banks	A-	£3m each group	364 days
Building Societies	A-	£3m	364 days
Non-UK Banks	AA-	£3m each	364 days
Non-UK Banks	A-	£3m each	100 days
Registered Social Landlord Loans (these deposits would be guaranteed on RSL assets or similar)	A-	£3m each	364 days
Covered Bonds (per bond)	AA-	£6m	3 years
Reverse Repurchase Agreements	AA-	£6m	364 days
Supranational Bonds (per institution)	AAA	£6m	3 years
Multi asset or bond funds	Unrated	£5m per fund	n/a
Challenger Banks e.g. Aldermore, Metro etc	Unrated	Delegate to Treasury Mgt committee authority to determine criteria to invest up to £3m	

The Council calculates expected credit losses with reference to historic default data, credit ratings and any collateral protecting an investment. 12 month expected credit losses are not material for the Council's investment portfolio. Losses will be allowed for against an investment that suffers a significant increase in credit risk, but none have been experienced in the year ending 31/03/2020.

Credit risk: trade receivables

Debtors are our customers for services which are not included in Council Tax and non-domestic rates payments. In the past, some customers have failed to pay us money they owe us, so credit risk applies to them. The level of past default is based on our provision for bad debts from our customers over the last three years. We have adjusted this to reflect the number of customers we think are unlikely to pay their debt. The nature of these debts varies, and this determines how we control and collect them. The debts are monitored so that at set trigger points, such as the age of the debt, or size of debt, we take specific action. Sometimes we have to accept that it would cost more to recover money than to lose it. However, because we are a public service we sometimes have to provide services even if the risk of the customer being unable to pay is higher than private companies would accept.

The age of our debt is shown in the following table (this does not include debts for council tax and NDR).

2018/19 £ 000	Age of debt	2019/20 £ 000
12,039	Less than three months	11,336
712	Three to six months	2,098
1,268	Six months to a year	678
3,349	More than a year	3,566
17,368		17,678

We monitor repayment of all debts rigorously.

Liquidity risk

This is the risk that we do not have enough cash in our bank accounts to pay our bills or staff. We control this risk by prioritising access to liquid cash in our investment strategy. In the event of unexpected shortages due to unforeseen expenses or failure of borrowers to repay us promptly, we have access to borrowing from other local authorities and the money markets. We have no long-term borrowings.

The table below shows the expected maturity profile for our financial assets:

2018/19 £ 000	Financial assets returned to the Council	2019/20 £ 000
34,238	Less than three months, including cash equivalents	44,397
-	Three to six months	-
-	Six months to a year	-
14,730	More than a year	6,482
48,968		50,879

Market risk: interest rates

This is the possibility that the value and amount of income we receive from our investments will fall because of changes in interest rates or market prices. The Council plans its investment to invest more at fixed rates when interest rates are falling and more at variable rates when interest rates are rising.

As a significant proportion of our investments are in bank and local authority deposits, their value does not change in our accounts. We must note in our accounts the effect, if there had been one, of a 1% change in interest rates on our variable investments in 2019/20. The effect of a 1% increase in interest rates would have resulted in an extra income of £142,000 on variable rate investments. If interest rates had fallen by 1%, the loss of interest would have been the same amount.

The table below sets out the impact on our accounts of a 1% rise in interest rates; covering both the interest gain and the impact on the value of our pooled funds.

2018/19 £ 000	Impact of 1% change in interest rates	2019/20 £ 000
157	Increase in interest receivable on variable rate investments	142
(20)	Decrease in fair value of investments held at fair value through profit and loss	(16)
138	Impact on comprehensive income and expenditure	126
(80)	Decrease in the fair value of investments held at amortised cost	(65)
(80)	Impact on other comprehensive income and expenditure	(65)

Market risk: price risk

A proportion of our investments are in pooled funds and so their value is determined by market prices at the reporting date. The Council's investment in money market funds are not materially exposed to price risk due to the controls on volatility in these funds.

However, the Council's CCLA property fund investment is subject to price changes arising from a change in the value of commercial property, although any losses would be unrealised unless the Council elected to sell the asset.

A 5% fall in commercial property prices at 31st March 2020 would result in a £315k (2019: £336k) charge to the Comprehensive income and expenditure statement, which would be reversed out unless the asset was sold.

The original CCLA investment of £5m means that an unrealised gain is currently held of £1.5m which helps protect capital values against future losses.

17 Major commitments under capital contracts

We were legally committed to the following scheme on the 31st March 2020;

SI06 Beaulieu Park Station Development £1.1m
Housing Infrastructure Fund (HIF) Access Road and Bridge £7.5m

18 Debtors

2018/19		2019/20
£ 000	Debtors	£ 000
1,573	Government departments and NHS	390
6,228	Other local authorities ***	6,146
19,456	Other organisations and individuals	19,991
(1,924)	Debts we may not be able to collect	(2,412)
25,333		24,115

*** Balances with related parties

19 Cash and cash equivalents

Accounting Policy

Cash is represented by cash in hand and balances with banks where we can access the money within a day. Cash equivalents are investments that when made, last no longer than 100 days and where the amount we will receive is not subject to any material change in value.

2018/19		2019/20
£ 000	Cash & cash equivalents	£ 000
37	Cash held by officers	38
(1,119)	Bank current accounts	21
23,628	Cash equivalents (short-term deposits)	27,319
22,546		27,378

20 Creditors

2018/19		2019/20
£ 000	Creditors	£ 000
7,046	Government departments ***	9,027
7,514	Other local authorities ***	6,296
10,746	Sundry creditors	5,541
1,808	Receipts in advance from sundry creditors	1,798
27,114		22,662

*** Balances with related parties

21 Provisions
Accounting policy

We put a certain amount of money aside to meet specific service payments we expect to make in the future, if we are not sure how much the payments will be or when we will have to pay them. The money in the provision is charged to the service when the provision is set up.

Provisions	NDR appeals
	£ 000
Balance at 1 April 2018	3,809
Transfers in	-
Transfers out	(121)
Balance at 31 March 2019	3,688
Transfers in	1,402
Transfers out	-
Balance at 31 March 2020	5,090
Explanation	The amount that may be repayable if appeals against NDR valuations are successful

22 Unusable reserves

The following table shows the transfers to and from these reserves. You can find an explanation of the headings at the bottom of the table.

Unusable Reserves	Revaluation reserve	Financial Instruments Adjustment account	Capital adjustment account	Deferred capital receipts	Available for sale financial instruments reserve	Collection fund adjustment account	Pension reserve (note 33)	Accumulating compensated absences adjustment account	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 1 April 2018	65,493	-	170,588	2	1,614	375	(105,178)	(474)	132,420
Adjustments		1,614			(1,614)				
Change on the reserve during the year	(6,041)	108	32,295	(2)		576	7,885	(15)	34,806
Balance at 31 March 2019	59,452	1,722	202,883	-	-	951	(97,293)	(489)	167,226
Change on the reserve during the year	54,552	(240)	(16,870)	-		(2,657)	5,496	(73)	40,208
Balance at 31 March 2020	114,004	1,482	186,013	-	-	(1,706)	(91,797)	(562)	207,434
Explanation	The gains on revaluing our assets since 1 April 2007	The unrealised gains on financial instruments held at fair value through Profit and Loss, as a result of changes in market prices	Capital spending to be financed from future resources	The debt we are owed on our mortgage advances	This category no longer exists under IFRS9 compliant financial reporting	Adjusting for paid and accrued council tax and NDR	Our liability to pay future pensions	The value of the leave that our employees have not taken at the end of the year	

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Revaluation reserve

2018/19	Revaluation Reserve	2019/20
£ 000		£ 000
65,493	Opening balance	59,452
1,624	Revaluation of assets	55,586
(5,745)	Impairment losses	-
(286)	Write-out of revaluations of assets we have sold	(145)
(1,634)	Difference between fair value and historic cost	(889)
59,452	Closing Balance	114,004

We moved any revaluation gains before 1 April 2007, the date the reserve was created, to the Capital adjustment account.

Capital adjustment account

2018/19	Capital Adjustment Account	2019/20
£ 000		£ 000
170,588	Opening balance	202,883
(7,012)	Allowance for depreciation and amortisation	(5,588)
	Less depreciation and amortisation charged to the	
1,634	revaluation reserve	889
	Revenue expenditure funded from capital under	
(4,875)	statute	(2,618)
(2,200)	Impairments and amortisation charged to revenue	(12,963)
-	Adjustment plus MRP split on final	42
(27)	Repaid Capital loan receipts	(43)
47,895	Application of receipts and contributions	7,635
(529)	Assets disposed of	(1,705)
(2,591)	Movements in the value of investment properties	(2,519)
202,883	Closing balance	186,013

23 Cashflow

2018/19	I&E to cash flow	2019/20
£ 000		£ 000
	Revenue shortfall or (surplus)	
408	Movement on the General fund	(2,809)
(23)	Provision for bad debts	(488)
4,875	Revenue funded by capital under statute	2,618
	Minimum revenue provision	(42)
(15,026)	Asset replacement reserve	-
1	Housing Capital Receipts pool	-
(416)	Proceeds from asset disposals	(3,576)
11,620	GF - contribution (to)/from reserves	(4,451)
1,439		(8,748)
(577)	Our part of the collection fund	2,657
862		(6,091)
	Non-cash transactions	
136	Transfers to reserves	(1,329)
397	Net throughput on the collection fund	(3,329)
533		(4,658)
	Change in	
(12)	Stock	12
6,268	Debtors	(3,140)
(5,112)	Creditors	4,398
1,144		1,270
2,539	Net cash (inflow) or outflow from revenue	(9,479)

24 Expenditure and Income analysed by nature

The following table provides further analysis of our expenditure and income. We have restated some of the amounts for 2018/19 by including housing benefits related income in other service income to reflect the current management reporting format.

2018/19 Restated £ 000	Expenditure and Income Analysed by Nature	2019/20 £ 000
	Expenditure	
38,299	Employee benefits expenses	37,596
69,228	Other services expenses	65,162
14,087	Depreciation, amortisation, impairment	21,169
26	Interest payments	14
2,461	Precepts and levies	2,540
2	Payments to Housing Capital Receipts Pool	0
2,634	Pension interest and return on investment	2,288
(16,239)	Remeasurement of the assets of the pension fund	(12,044)
5,961	Gain or loss on the disposal and revaluation of Assets	(55,711)
116,459	Total Expenditure	61,014
	Income	
(35,687)	Fees, charges and other services income	(38,263)
(820)	Interest and investment income	(765)
(14,886)	Income from Council Tax	(15,526)
(56,465)	Government grants and other contributions incl Business Rate income and Housing Benefits grants	(51,071)
(17,976)	Capital Grants and contributions	(9,850)
(125,834)	Total Income	(115,475)
(9,375)	Total expenditure and income	(54,461)

The following table shows income we received from contracts with service recipients.

2018/19 £ 000	Revenues from contracts with service recipients	2019/20 £ 000
(33,054)	Revenues from contracts with service recipients	(35,430)
234	Impairments of receivable or contract assets	218
(32,820)	Total included in Comprehensive Income and Expenditure Statement	(35,212)

25 Trading operations

We must prepare a statement that shows which of our operations work in a commercial environment and aim to cover their costs by charging other parts of the Council, other organisations or people. Any shortfall or surplus we make through trading is taken to the Comprehensive income and expenditure statement.

2018/19			Trading accounts not shown in Spending on current services	2019/20		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
			Other operating expenditure			
2,857	(2,717)	140	Grounds maintenance	3,035	(2,783)	252
599	(497)	102	Vehicle maintenance	567	(537)	30
3,456	(3,214)	242		3,602	(3,320)	282
			Financing and investment			
264	(4,669)	(4,405)	Investment properties	2,014	(5,965)	(3,951)
264	(4,669)	(4,405)		2,014	(5,965)	(3,951)
3,720	(7,883)	(4,163)	Total trading activity	5,616	(9,285)	(3,669)

Our Grounds Maintenance trading operation provides maintenance for public open spaces and recreational grounds owned by the Council, as well as providing grounds maintenance services for external parties.

The Vehicle Maintenance trading operation maintains the Council owned waste and recycling fleet, and additionally provides MOT services and inspections for licenced taxi vehicles for external customers.

The Council owns several investments properties in its area, principally the High Chelmer and Meadows shopping centres, to generate rental income.

26 South Essex Parking Partnership (SEPP)

From 1 April 2011 we began administering SEPP on behalf of Essex County Council. SEPP covers the six councils in the south of Essex. Any surplus or deficit from the operation is ring-fenced in what it can be used for and is held separately from our own funds. Each council is entitled to one member on the managing joint committee, and all decisions are taken by majority vote. All on-street enforcement costs and income are incurred and received by Chelmsford City Council, and we maintain a separate account for each of the member authorities. Before 2011/12 each individual council incurred these costs and the income directly. The income and expenditure are shown below.

2018/19		Revenue expenditure	2019/20	
SEPP £ 000	Chelmsford £ 000		SEPP £ 000	Chelmsford £ 000
2,061	505	Expenditure	2,206	523
(2,338)	(923)	Income	(2,450)	(908)
(277)	(418)	Net position	(244)	(385)

27 Councillors' allowances

The table below gives details of the allowances we paid to Councillors and the Mayor during the year.

2018/19	Councillors allowances	2019/20
£ 000		£ 000
333	Basic allowance	340
160	Special responsibility allowance	154
4	Other expenses	3
17	Mayor and Deputy Mayor allowance	16
514	Total we paid in the year	513

You can find more information on the amounts paid on our website.

28 Employee pay
Accounting policy

Where we decide to terminate an officer's employment before their normal retirement age, or where the officer decides to accept voluntary redundancy, they may be entitled to a termination benefit. We charge these to the Comprehensive income and expenditure statement in the year that we become committed to the termination.

Under the Accounts and Audit Regulations 2015 we must show the number of our staff costing more than £50,000 a year. Cost includes salary, travel and living costs, but not the employer's pension contributions. Where appropriate, we have also included subsidies for leased cars and redundancy payments. The table below does not include chief officers' details, which are shown in the next table.

Employee pay band	Number of employees		Number who left in the year	
	2018/19	2019/20	2018/19	2019/20
£50,000–54,999	10	9	1	1
£55,000–59,999	9	9	-	-
£60,000–64,999	3	2	-	-
£65,000–69,999	4	4	-	1
£70,000–74,999	3	5	-	-
£75,000–79,999	3	6	-	-
£80,000-84,999	-	3	-	1
£85,000-89,999	1	-	-	-
£90,000-94,999	-	1	-	-
£95,000 – 99,999	-	1	-	1
£100,000 - 104,999	-	-	-	-
£105,000 – 109,999	-	-	-	-
£110,000 - 114,999	-	-	-	-
£115,000 – 119,999	-	-	-	-
£120,000 - 124,999	-	-	-	-

We are not allowed to give any further information that links officers' names to the employee pay band (except for that shown in the chief officers' table below).

We have included a breakdown of the cost of our chief officers below, together with their names, where their annualised, full-time total cost is above £150,000. The costs in this table include the employer's pension contributions.

Chief officers	Salary, fees and allowances	Bonuses	Expense allowances	Compensation for loss of employment	Benefits in kind	Employer pension contributions ****	TOTAL
2018/19	£	£	£	£	£	£	£
Chief Executive (Mr N Eveleigh)	167,704				2,343	24,712	194,759
Directors of:							
Corporate Services	124,728				2,343	18,403	145,474
Financial Services started 3/9/18	65,758				479	9,649	75,886
Public Places	122,841				1,874	18,050	142,765
Community Services (Ms A.Price) Left 15/4/18	7,886			233,974	225	767	242,852
Sustainable Communities	89,046				15,043	13,802	117,891
Chief officers	Salary, fees and allowances	Bonuses	Expense allowances	Compensation for loss of employment	Benefits in kind ***	Employer pension contributions ****	TOTAL
2019/20	£	£	£	£	£	£	£
Chief Executive (Mr N Eveleigh)	176,109				2,425	26,037	204,571
Directors of:							
Connected Chelmsford	127,104				2,425	18,771	148,300
Financial Services	118,037				970	17,358	136,365
Public Places	125,328				1,940	18,411	145,679
Sustainable Communities	91,328				15,054	14,078	120,460

The Director of Sustainable Communities post is part-time (75% of a full-time equivalent). The full-time cost of the post would be £155,429.

*** These amounts represent benefits that the employees receive on top of their salaries, for example contribution towards a healthcare plan and are therefore not paid to the employee.

**** These amounts are not paid to the employee. They are paid directly to the pension fund to provide a pension on retirement based on contribution rates set by the actuaries.

We terminated the employment of some of our employees as shown in the table below.

2018/19 £ 000	Termination benefits	2019/20 £ 000
412	Termination benefits	
56	Redundancy costs	172
	Additional pension costs	56
468	Total spending	228
18	No of employees whose employment was terminated	7

2018/19		Exit packages	2019/20	
Leavers Number	Cost £ 000		Leavers Number	Cost £ 000
13	89	£0 - £20,000	2	5
3	107	£20,001 - £50,000	3	105
2	272	£50,001 - £250,000	2	118
18	468	Total	7	228

We made one employee compulsorily redundant in 2019/20, and five in the previous year.

29 External audit costs

The table below gives details of the amounts we paid to our external auditors during the year.

2018/19 £ 000	External audit costs	2019/20 £ 000
69	Fees we paid to the auditor	
	Basic audit	37
	Other Audit Services	
69	Total we paid in the year	37

The 2019/20 audit fee figure includes a refund of £5,680 from Public Sector Audit Appointments Ltd for 2018/19 fees overpaid under the transitional arrangements.

30 Grants
Accounting policy

If we receive a grant or contribution that does not have any conditions, or we have met the conditions, we credit the amount to the Comprehensive income and expenditure statement on the relevant service line. If we have not met the conditions, we show the amount as a creditor on the Balance sheet until the conditions are met.

If the grant is a capital grant that does not affect the balance on the General fund, we reverse the grant out of the Comprehensive income and expenditure statement in the Movement of reserves statement to the Capital grants unapplied account.

We receive grants that do not relate to specific services. These are shown in note 13. In addition to this, we received the following grants and contributions that are shown in specific services in the Comprehensive income and expenditure statement.

2018/19		2019/20
£ 000	Grants and contributions	£ 000
42,614	Housing benefits grants	37,439
4,616	Other grants and contributions	4,900
47,230		42,339

We also received a number of grants, contributions and donations that have conditions attached to them that may force us to return them to the donor. Once we have met these conditions we will recognise them as income. The amounts involved are shown in the tables below.

2018/19		2019/20
£ 000	Capital grants received in advance	£ 000
3,541	Opening balance	2,849
(692)	In-year movements	303
2,849		3,152

31 Related party transactions

We have to disclose material transactions with organisations or individuals that have the potential to control or influence us, or that we have the potential to control or influence. This disclosure allows readers of these accounts to assess whether we have been able to act independently, or to assess whether we have the ability to limit somebody else's ability to act independently of the Council. These are called related party transactions.

Central Government controls us and sets the legal framework that we operate in, provides grants and sets out how we deal with other agencies and organisations (eg Council Tax collection and Housing Benefits). The details of our dealings with Central Government are shown in notes 13, 18, 20, 30 and 38 and in the Cash Flow in section 6 and the Collection Fund in section 8.

Details of our transactions with the Essex pension fund administered by Essex County Council are shown in note 33.

We must also give details of any transactions we had during the year with our Councillors and chief officers, or their close families. With the exception of the following each Councillor and chief officer has stated that they did not have any such transactions during the year.

Some of our Members are also Parish Councillors. We receive funds for the Chelmsford Development fund from the Developers some of which we then pay over to other organisations when agreement conditions are met. During 2019/20 we paid from the Chelmsford Development fund the amounts to the following parishes Boreham, £89,100, Broomfield, £125,910, Chignal, £26,322, Danbury, £30,079, East Hanningfield, £274, Galleywood, £6,315, Good Easter, £1,282, Great Baddow, £12,526, Great & Little Leighs, £124,012, Great Waltham, £16,283, Little Baddow, £4,608, Little Waltham, £3,541, Margaretting, £903, Pleshey, £1,561, Rettendon, £4,300, Roxwell, £10,540, Runwell, £22,043, Sandon, £4,612, South Hanningfield, £861, South Woodham Ferrers, £25,313, Springfield, £61,125, Stock, £16,564 West Hanningfield, £3,592, Widford, £1,200, Woodham Ferrers & Bicknacre, £12,419 and Writtle, £6,702.

We made the following grants and payments to the following groups and some of our Members sit on their Boards or are trustees, but do not have a controlling interest.

Chelmsford Age Concern, £5,000
Chelmsford Citizens Advice Bureau (CAB), £113,000
Chelmsford Council for Voluntary Services (CVS), £54,000
Chelmsford YMCA, £25,000
Chelmsford Community Radio £750
North Avenue Youth Centre £11,500
Museum Association £542
Chelmsford Cultural Development Trust £25,000
Essex Community Foundation £52,000
Moulsham Lodge Community Trust £9,583

During 2019/20 we paid Event Sound and Light Limited £43,396 a Member's son is a partner in this company. We also paid Helping Hands Essex £35,500 a Member is vice chairman and an employee.

In addition, the following groups paid us rents: Chelmsford CAB £30,151, Chelmsford CVS £11,814 and Waltham Scout Group £2 peppercorn rent.

32 Leases

Accounting policies

Leases we get from other organisations

Leases are classified as finance leases where the risks and rewards attached to the asset are mostly transferred to us. All other leases are operational leases. Where a lease is for both land and buildings, we separate the two elements into different leases.

For finance leases we include the depreciated fair value of the asset in the Balance sheet, which is matched by a liability of the amount we have to pay the landlord. We are not allowed to charge the depreciation on the asset to council tax, so we reverse this out of the Comprehensive income and expenditure statement. The Comprehensive income and expenditure account is charged the cost of a finance lease as if it were a loan, that is the cost of interest and a minimum revenue provision.

The rentals paid under operating leases are charged directly to the appropriate service line in the Comprehensive income and expenditure statement.

Leases we give to other organisations

When we give a finance lease to an organisation or individual, we are handing over ownership of that asset, so we remove the asset's value from our Balance sheet. The value of the lease payments are then split using a calculation into interest paid to the Council and payment for the sale of the asset. A long-term debtor is created in our Balance sheet and when we receive a payment for the lease it reduces the value of the debtor and recognises a capital receipt. Interest income is then credited to the Comprehensive income and expenditure statement.

Where we grant an operational lease for land or equipment, we keep ownership of the asset. The income from the lease is credited to the Comprehensive income and expenditure statement.

Leases we Give to Other Organisations.

The Council's other rental agreements are operational leases. Information about them is shown in the table below. Most of the income shown comes from shopping centres (High Chelmer and Meadows). The figures are based on the minimum future lease payments.

2018/19 Restated £ 000	Operational Leases Minimum Income Due	2019/20 £ 000
2,366	Lease payments due in less than a year	1,498
9,466	Lease payments due from 1 to 5 years	4,369
47,425	Lease payments due in more than 5 years	46,866
59,257		52,733

33 Pensions

Accounting Policy

Our employees have the right to join the Local Government Pension Scheme. The scheme provides defined benefits to its members (retirement lump sums and pensions) when they retire. Charges and balances included in the Comprehensive income and expenditure statement and the Balance sheet are based on actuarial assessments of the current costs of the pension scheme. For a full explanation of the rules, see the Pensions note in the notes to the main financial statements. However, statutory rules stop us charging these amounts to council tax. Instead, we have to charge the actual amounts we pay to the pension fund, which is a different figure to the actuarial valuations.

Our employees are entitled to belong to the Essex Pension Fund. The pension fund is governed and operated by Essex County Council within the national regulations governing all Local Government Pension Schemes (LGPS). The investment managers of the fund are appointed by Essex County Council.

Both employees and employers make contributions that are invested in a pension fund. These contributions are set at a level intended to balance the scheme's assets with its liabilities. However, there will be times when the fund has more or less assets compared to the amount predicted as being needed to meet the current and future commitments of members. The difference between the predicted level of investments and those needed will depend on investment returns and the level of unexpected payments made to members. When the fund does not have enough assets, the employer is responsible for making up the shortfall. If the fund has more assets than it needs, the employer may be able to make lower contributions. The main risks to the funding of the scheme are the assumptions on how long pensioners will live, statutory changes to the scheme, large changes in the number of employees in the scheme, changes to inflation and the returns achieved on the scheme's investments.

Members of the scheme are entitled to defined benefits when they retire under the terms of the scheme. This part of the scheme is funded through the contributions to the scheme. If members of the scheme retire early, the additional cost of that commitment is calculated and paid by the employer at the same time as the member retires.

The scheme takes into account the Public Pensions Service Act 2013. The Act provides for scheme regulations to be made within a common framework, and to link pensions to career average salaries, rather than final salaries.

The scheme's cost is not simply the payments made into the pension fund in a year but must also reflect the actuary's view of gains or losses resulting from changes in the fund's liabilities and investments. This amount is shown in the total spending on services in the Comprehensive income and expenditure statement. However, the costs we charge to council tax payers are based on the actual cash we pay the pension fund in the year, so the costs identified by the actuary are reversed out of the Comprehensive income and expenditure statement and replaced by the actual contributions we make to the scheme.

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The actual charge we made to the General fund, and so to council tax payers, is shown in the table below.

2018/19	Charges to the Comprehensive income and expenditure account	2019/20
£ 000		£ 000
	Spending on services	
	Service cost	
7,541	Current service cost	8,175
1,984	Previous service cost	76
75	Administration expenses	60
	Other spending	
2,634	Net interest on the defined liability	2,288
	Charge to the spending on current services in the comprehensive income and expenditure statement	
12,234		10,599
	Other charges	
(5,943)	Remeasurement of the pension liability	(26,722)
(10,296)	Return on scheme assets (excluding interest)	14,678
	Other charges to the comprehensive income and expenditure statement	
(16,239)		(12,044)
	Total charges to the comprehensive income and expenditure statement	
(4,005)		(1,445)
	Employer's contributions charged to the General fund	
3,880		4,051

In addition to the gains and losses we have included in the Comprehensive income and expenditure statement, we have included a remeasurement surplus identified by the actuaries of £12m in 2019/20 (a surplus of £16.2m in 2018/19).

31 March 2019	Movements on pension fund assets and liabilities	31 March 2020
£ 000		£ 000
	Scheme liabilities	
288,871	Value at 1 April	292,570
7,541	Current service cost	8,175
1,375	Member contributions	1,488
7,277	Interest costs	6,938
	Remeasurement	
(5,943)	Financial returns	(25,361)
1,984	Past service (gains) or costs	76
(8,535)	Benefits paid	(8,631)
292,570	Value at 31 March	275,255
	Scheme assets	
183,693	Value at 1 April	195,277
4,643	Interest	4,650
	Remeasurement	
10,296	Return on assets (excluding interest)	(14,678)
-	Other actuarial gains/(losses)	1,361
(75)	Administration expenses	(60)
3,880	Employer contributions	4,051
1,375	Employee contributions	1,488
(8,535)	Benefits paid	(8,631)
195,277	Value at 31 March	183,458
97,293	Net pension liability	91,797

All valuations are in accordance with the requirements of the IAS19 standard. The actuaries set the expected rate of return on scheme assets by looking at the rate of return on assets that are the same type as those held by the fund. The expected returns on fixed-interest investments are based on returns at the Balance sheet date. Expected returns on stocks and shares are based on long-term returns expected in the markets.

The Pensions reserve absorbs the timing differences in the funding of pensions in accordance with accounting conventions and the statutory provisions. We account for the cost of pensions in the Comprehensive income and expenditure statement as the benefits are earned by the employees. However, the statutory provisions require us to charge amounts to council tax as they are actually paid to the pension fund. The balance on the pension reserve shows a large shortfall between the benefits accrued by the employees and the resource set aside to meet these liabilities. The statutory provisions will ensure that funding will have been set aside by the time benefits are paid.

Pension fund balances	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of scheme liabilities	(237,842)	(235,624)	(290,267)	(288,871)	(292,570)	(275,255)
Fair value of assets	145,141	145,063	169,858	183,693	195,277	183,458
Surplus or (deficit) on the pension fund	(92,701)	(90,561)	(120,409)	(105,178)	(97,293)	(91,797)

The liabilities show our underlying long-term commitments to pay pensions. The net liability of £91.8 m has a large effect on our net worth, resulting in an overall balance of £261m. However, the formal rules for funding the pension-fund deficit mean the Council's financial position remains healthy. The fund tries to keep employers' contribution rate as constant as possible. The pension fund deficit will be met by contributions over 19 years. We expect to pay £7.1m to the fund next year.

The actuaries have made an estimate of the pensions that will have to be paid in future years based on their assumptions, for example, about life expectancy and salary levels. The pension fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, and are based on the latest full valuation in 2019. The next full valuation will be in 2022.

The main assumptions used in the valuation of the fund are shown in the table below.

2018/19 %	Assumptions used in the valuations of the fund	2019/20 %
	Years we expect to pay current pensioners	
21.3	Men	21.8
23.6	Women	23.7
	Years we expect to pay pensioners retiring in 20 years	
22.9	Men	23.2
25.4	Women	25.2
3.4	Rate of inflation – RPI	2.7
2.4	– CPI	1.9
3.9	Rate of increase in salaries	2.9
2.4	Rate of increase in pensions	1.9
2.4	Discount rate	2.4
50	Percentage of employees choosing to take a lump-sum payment	50
10	Percentage of employees paying a 50% contribution for 50% pension	10

In valuing the pension fund, the actuary will, for example, make assumptions about investment returns, and the rates of increase in pensions, salaries and inflation. If these vary they will affect the value of the pension fund shown in the accounts. The table below shows the effect on the value of the pension fund if the above assumptions change.

	Increase in assumption	Decrease in assumption
	£'000	£'000
Longevity (increase or decrease by 1 year)	11,495	(10,999)
Rate of increase in salaries (increase or decrease by 0.1%)	446	(441)
Rate of increase in pensions, or inflation (increase or decrease by 0.1%)	4,888	(4,795)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(5,209)	5,315

The weighted average duration of the pension obligation for scheme members is 20 years in 2019/20 (18 years 2018/19).

The scheme's assets can be put into the following types:

31 March 2019	Scheme assets	31 March 2020
£ 000		£ 000
5,143	Cash and cash equivalents	7,626
	Stocks and shares (by type)	
8,782	UK investments	7,709
103,818	Overseas investments	90,313
112,600		98,022
	Bonds (by sector)	
11,413	UK Corporate	11,116
10,364	UK Government	7,907
21,777		19,023
	Property (by type)	
6,438	Listed	4,583
10,925	Unlisted	11,914
17,363		16,497
8,977	Private equity	9,362
	Other investment funds	
9,814	Infrastructure	10,842
5,889	Timber	6,615
3,337	Illiquid and Private Debt	3,675
10,377	Other Managed Funds	11,796
29,417		32,928
-	Derivatives	
195,277	Total	183,458

31 March 2019	Stocks and Shares	31 March 2020
£ 000		£ 000
	Stocks and shares (by company size)	
112,600	Listed	98,022
-	Unlisted	-
112,600		98,022

The liabilities of the pension fund arise largely in the long term as pensions become payable. Broadly speaking, the investments of the fund are made to secure long term gains and reduce volatility in the fund returns. Investments are managed with a view to meeting future pension liabilities. The statement of the fund's Investment Principles and the Annual Report can be obtained from:

Essex County Council, County Hall, Chelmsford, Essex, CMI 1JZ

34 **Contingent liabilities**

Accounting Policy

A contingent liability arises where an event gives rise to a possible obligation that will only be confirmed by a possible future event outside our control. A contingent liability can also arise where we would need to raise a provision but we cannot determine the amount of that provision. Contingent liabilities are not recorded in the Balance sheet but are instead recognised in a note to the accounts.

There is an outstanding claim made by the NHS trusts for mandatory relief on their Business Rates payable. We do not know at this stage if we will have to make any refunds.

We do not know how much we may have to pay on any of the contingent liabilities or when we may have to pay.

35 **Contingent assets**

Accounting Policy

A contingent asset arises where an event gives rise to a possible asset that will only be confirmed by a possible future event outside our control. Contingent assets are not recorded in the Balance sheet but are instead recognised in a note to the accounts.

We have four appeals outstanding with HMRC over payments of VAT and we will also be claiming interest. We await the outcome of these claims.

36 Exceptional items

We do not have any such items.

37 Community Infrastructure Levy (CIL)

We started receiving CIL payments from 1 April 2014. We have billed £3,719k in 2019/20 which was credited to the Capital Grants Unapplied account. The levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities to help deliver infrastructure to support the development of their area.

38 Government and non-government grants

The Council recognises grants as income in the Revenue account when any conditions to the grant have been met. If the grant has no conditions, it is recognised in the Revenue account straight away.

We record grants that have passed through the Revenue account on the Balance sheet as Capital grants unapplied, until they are spent. We record grants where the conditions have not been met as Capital grants received in advance, until we meet the conditions or spend the money. The table below shows the main items received to date and not spent.

2018/19	Grants	2019/20
£ 000		£ 000
	Grant received in advance	
2,851	Money received as part of planning agreements	3,152
	Capital grants unapplied	
4,395	Money received as part of planning agreements	6,743
774	Government grants	1,126
2,560	Empty Homes grant	2,541
19,808	Community Infrastructure Levy	23,303
277	Other	234
27,814		33,947
30,665	Total	37,099

39 Long term Creditors

2018/19	Long-term Creditors	2018/19
£ 000		£ 000
1,198	Section 106 contributions	3,814
-	Leases	660
332	Property transaction creditor	386
1,530		4,860

40 Restatements

Accounting Policy

Where our accounting policies change, or the rules we use to prepare these accounts change, or we have made a material error in a previous year's set of accounts, we show any changes to last year's figures in the Restatements section.

Following amendments to accounting standard IAS1 presentation of Financial Statement, we are now required to change the presentational format of Comprehensive income and expenditure statement and Expenditure and funding analysis table and it's supporting notes to reflect the management reporting format. These changes do not result in a change to the totals.

The table in note 32 has been restated to reflect minimum rent income due under lease agreements rather than expected income. The significant financial difference relates to High Chelmer.

Operational Leases Minimum Income Due	2018/19	2018/19 restated
	£ 000	£ 000
Lease payments due in less than a year	5,137	2,366
Lease payments due from 1 to 5 years	20,547	9,466
Lease payments due in more than 5 years	181,066	47,425
	206,750	59,257

8 - Collection fund

This section summarises how the money we collected through the collection fund is distributed between the precepting authorities.

2018/19			Collection Fund	Notes	2019/20		
Council Tax £ 000	Non-Domestic Rates £ 000	Total £ 000			Council Tax £ 000	Non-Domestic Rates £ 000	Total £ 000
(111,221)		(111,221)	Income				
			Council tax	1	(118,598)	(118,598)	
	(81,631)	(81,631)	Transfers from the General fund				
	1,828	1,828	Non-domestic rates	2		(80,043)	
			Transitional protection			1,071	
(111,221)	(79,803)	(191,024)			(118,598)	(78,972)	
			Spending				
			Council Tax precepts and demands				
80,018		80,018	Essex County Council		84,703	84,703	
14,845		14,845	Chelmsford City Council		15,476	15,476	
11,070		11,070	Essex Police Authority		12,865	12,865	
4,609		4,609	Essex Fire Authority		4,830	4,830	
	38,995	38,995	Non-domestic rates precepts and				
			Central Government			39,269	
	31,196	31,196	Chelmsford City Council			31,415	
	7,019	7,019	Essex County Council			7,069	
	780	780	Essex Fire Authority			785	
	218	218	Subsidy paid towards the costs of				
			collecting National non-domestic rates			217	
			Increase or (decrease) in our provision				
			for amounts that we may not be able to				
113		113	Council tax		156	156	
	76	76	Non-domestic rates			742	
			Amounts written off				
253		253	Council tax		184	184	
	960	960	Non-domestic rates			855	
	(303)	(303)	Provision for appeals			3,505	
			Distribution of previous year's Council				
			Tax surplus or (shortfall)				
730		730	Essex County Council		(291)	(291)	
139		139	Chelmsford City Council		(54)	(54)	
99		99	Essex Police Authority		(40)	(40)	
43		43	Essex Fire Authority		(17)	(17)	
			Distribution of previous year's Non-				
			domestic rates surplus or (shortfall)				
	(412)	(412)	Central Government			1,009	
	(329)	(329)	Chelmsford City Council			807	
	(74)	(74)	Essex County Council			181	
	(8)	(8)	Essex Fire Authority			20	
111,919	78,118	190,037			117,812	85,874	
			Movements on the Collection Fund				
698	(1,685)	(987)	(Surplus) or shortfall for the year		(786)	6,902	
(615)	(723)	(1,338)	(Surplus) or shortfall at start of the year	3	83	(2,408)	
83	(2,408)	(2,325)	(Surplus) or shortfall at end of the year	3	(703)	4,494	

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Accounting Policy

The Collection Fund is a statement that 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 (NDR).

We recognise in our Comprehensive income and expenditure statement our share of the NDR and Council Tax transaction on accrual basis, with the timing difference being adjusted through Council Tax and NDR adjustment account, reported on in the Movement in reserves statement.

Notes to the collection fund

I Council tax

Council tax income comes from charges we make depending on the value of homes. Each home is put into one of eight valuation bands using their value on 1 April 1991. We work out each charge by estimating the amount of income each of the preceptors on the collection fund needs for the coming year and dividing this amount by the council tax base. The council tax base is the total number of properties in each band adjusted by a proportion of the band D charge. In 2019/20, the council tax base was 66,672 (in 2018/19 it was 65,496). The basic amount of council tax for a property in band D was £1,768 (£1,688 in 2018/19). This is multiplied by the appropriate proportion for the particular band to give the actual amount due for that band.

Council tax bills were based on the following proportions for bands A to H.

Council tax band	Total number of properties	Number of chargeable properties	Proportion of Band D charge	Number of Band D equivalent properties
A	4,529	3,577	6 / 9	2,384
B	10,364	8,655	7 / 9	6,732
C	22,940	20,827	8 / 9	18,513
D	17,084	11,746	9 / 9	11,746
E	10,503	9,923	11 / 9	12,128
F	5,808	5,603	13 / 9	8,093
G	3,990	3,835	15 / 9	6,392
H	382	342	18 / 9	684
Total	75,600	64,508		66,672

2 Non-domestic rates (NDR)

NDR is a national charge. The Government sets an amount for each pound of rateable value – 49.1p in 2019/20 (48.0p in 2018/19). Depending on the effects of any changes, local businesses pay rates that are worked out by multiplying their rateable value by that amount. We are responsible for collecting the rates due in our area and pay these into the Collection fund. We share the money collected between the Government, Essex County Council and the Essex Fire Authority.

On 31 March 2020, our NDR income after relief totalled £80,042,508 based on the total non-domestic rateable value for our area of £195,421,181.

3 Contributions to the collection fund – surpluses and shortfalls

The balance on the Collection Fund is made up of the following and is allocated to the preceptors on the fund as shown in the table below.

2018/19			Contributions to the collection fund - surpluses and shortfalls	2019/20		
Council Tax £ 000	Non- Domestic Rates £ 000	Total £ 000		Council Tax £ 000	Non- Domestic Rates £ 000	Total £ 000
	(1,204)	(1,204)	Central Government		2,247	2,247
11	(963)	(952)	Chelmsford City Council	(92)	1,798	1,706
61	(217)	(156)	Essex County Council	(505)	404	(101)
8		8	Essex Police Authority	(77)		(77)
3	(24)	(21)	Essex Fire Authority	(29)	45	16
83	(2,408)	(2,325)		(703)	4,494	3,791

Depending on whether there is a surplus or shortfall on the collection fund for the county, police, and fire authorities, the balance we owe them (or they owe us) will be shown as a creditor or debtor in the Balance sheet. Our part of the balance is shown as an earmarked reserve.

4 Non-domestic rate appeals

There are several outstanding appeals. We have estimated the effect of these outstanding appeals and adjusted the provision for the likely amount that we will have to repay to non-domestic ratepayers. The cost of the provision has been charged to the Collection fund and is shared between the preceptors as shown in the table below.

Non-domestic rate appeals	Share	Provision
	%	£ 000
Central Government	50	1,753
Chelmsford City Council	40	1,402
Essex County Council	9	315
Essex Fire Authority	1	35
	100	3,505

5 Non-domestic rate pooling

On 1 April 2019, Chelmsford continued in a Non-domestic rating pool with 14 other authorities for the 2019/20 financial year. We did this to increase our Non-domestic rating income over that which we would have received if we were not in a Pool.

6 Business Improvement District

From 1 April 2018, a Business Improvement District (BID) arrangement has been operating within the Chelmsford area where local business pay additional levy on top of their non-domestic rates to generate additional income to be invested on improvements to the area. The Council act's as an agent, collecting the BID charges on behalf of the BID body. This income is not shown in our Comprehensive income and expenditure account as it is not our money. We only show expenditure and income relating to cost of administrating the scheme and income from the BID agency towards these costs.

9 - Independent auditors' report

We will insert here the Independent auditor's report following the conclusion of the independent audit.

10 - Glossary

This section explains the technical terms that have been used throughout this document.

Actuary

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

Amortisation

A reduction in the value of an intangible asset over time, for example due to wear and tear or the asset becoming obsolete.

Audit and Risk Committee

A committee of nine members of the Council who consider financial matters and reports from Internal Audit, and approve and monitor our code of corporate governance, and risk management.

Balance sheet

A statement of all our assets, liabilities and balances at the end of the financial year.

Cabinet

The Cabinet is made up of five members of the Council (including the Leader) and five deputies that are not members of the Cabinet but support Cabinet members with specific areas of responsibility. The five members of the Cabinet are responsible for making most of the essential decisions about running the Council. Each member of the Cabinet is responsible for a specific service.

Capital financing costs

These are costs, such as interest, which we charge because we have spent money on fixed assets.

Capital receipt

Income from selling assets that have a long-term value.

Capital spending

Spending on assets that have a lasting value, for example, land and buildings.

Cash-flow statement

This is a statement that shows the changes in our cash and bank balances during the year. It also shows the changes in our other assets, liabilities and other accounts shown on our Balance sheet.

Collection fund

A fund we use to show what happens to the council tax and NDR income.

Community assets

Assets we do not plan to sell and which have no definite useful life. Examples of community assets are parks and historic buildings.

Comprehensive income and expenditure statement

The account that reports the income and spending on our services.

Corporate governance

The way we decide our future direction, processes and controls.

Councillor

An elected Member of the Council.

Creditors

Money we owe for work, goods or services that have not been paid for by the end of the financial year.

Current assets

These are the short-term assets we have at the date of our Balance sheet, which we can use in the following year.

Current liabilities

These are the short-term liabilities we owe at the date of our Balance sheet, which we will pay in the following year.

Curtailments

The cost of the extra pension or lump sum an employee receives if their retirement benefits are increased to above the basic pension-scheme benefit.

Debtors

Money that is owed to us, but is not paid by the end of the financial year.

Deferred contributions

Amounts paid to us for future activities.

Depreciation

The reduction in the value of a tangible asset over time, due to wear and tear.

Earmarked reserves

Money we set aside for a specific purpose.

Fair value

The value of the asset on the open market.

Gross spending

The total cost of providing a service.

Gross up

Changing a cost that is made up of two parts, into its separate parts. In this case, increasing the pension contributions to the full cost of pensions (for IAS19 purposes), and then reducing the cost later in the accounts for the money paid to the pension fund.

IAS19

A statement of recommended accounting practice telling us how we have to account for pensions.

Impairment

The loss in value of an asset caused by something happening to make it less useful.

Infrastructure

Assets we cannot sell, so only have a nominal value.

Intangible assets

Assets we plan to own for more than one year, but which are not physical assets like a building or a lorry; for example, computer software licences.

Leases

A way of paying for vehicles, plant and equipment by spreading payments over the asset's life. We do not become the legal owners of the asset. Leases can either be operational leases, where the risks of ownership rest with the owner of the asset and the asset does not appear on our Balance sheet, or finance leases, where the asset is included on our Balance sheet.

LCTS (Localised Council Tax Support Scheme)

The means tested scheme that replaced Council tax benefit, and reduces the Council tax bill of those who qualify.

LGPS (Local Government Pension Scheme)

The fund that pays and manages our staff pensions.

Liabilities

Our debts and responsibilities.

Liquid resources

Money we have invested but which we can draw on quickly.

Management Team

A meeting of the Chief Executive and the Directors.

Member

In papers about the Council, this usually means an elected Member of the Council, ie a Councillor.

Minimum revenue provision

The amount we have to set aside, out of our revenue, to repay loans.

NDR – Non-domestic rates

A charge that all businesses must pay for their premises. It is worked out by multiplying a property's rateable value by a nationally set multiplier. Non-domestic rates are paid into a pool, which the Government controls. This money is then shared between local authorities depending on the population in their area.

Net book value

This is the original value of the asset, less the depreciation up to the current date.

Net spending

This is the cost of providing a service after we have taken into account income from government grants and our own fees and charges.

Nominal value

Where an asset cannot be sold, it is given a very low value in the Balance sheet to recognise that it has no resale value.

Non-distributed costs

We must make an extra payment to Essex County Council to maintain the value of the pension fund. Under the accounting rules, we do not get this cost back from our services.

Non-operational assets

Any asset that is not an operational asset, or an asset that we do not need any more, for example, depots we no longer use.

Operational assets

Assets that we use in our day-to-day activities for delivering our services to the public, for example, the town hall.

Parish Council

An organisation that delivers some services within the Parish boundary, rather than across the City as a whole.

Performance indicators

A way of measuring our performance by comparing it to how we performed in the past, or to how other organisations have performed.

Precept

A demand made by Essex County Council, the Police and Crime Commissioner for Essex, Essex Fire Authority, and Town and Parish Councils for money they want us to collect for them.

Provision

Money set aside to meet specific service liabilities at the date of the accounts, and to meet spending.

Realised gain

The extra money we receive over the value shown in the accounts when we sell the asset.

Registered social landlord

An organisation delivering subsidised housing to the public that is registered with the Housing Corporation.

Repurchase of borrowing

Repaying a loan from a lender before it is due. We will usually do this if it means we can pay less interest.

Reserve

Savings we have built up from surpluses.

Restatement

We normally show the amounts that were in last year's accounts as the same figure, but where there is a change in the accountancy rules, we have to change last year's figure to meet the current rules.

Revenue contribution to capital outlay (RCCO)

Capital spending that is directly paid for from revenue.

Revenue spending

Spending on the day-to-day running of services – mainly salaries, running expenses of building and equipment, and debt charges. These costs are met from the council tax, government grants and our own fees and charges.

Reverse out

We have to prepare the accounts in a certain way to comply with the law. This means we have to put amounts in the accounts that we do not have to raise council tax for. These amounts are taken out - that is reversed out - to get the amount we have to charge to council tax.

Surplus

At the end of the year, if an account such as the Comprehensive income and expenditure account shows that we have received more income than we have spent, that account is known as being 'in surplus'.

Tangible assets

Assets we plan to own or use for more than one year.

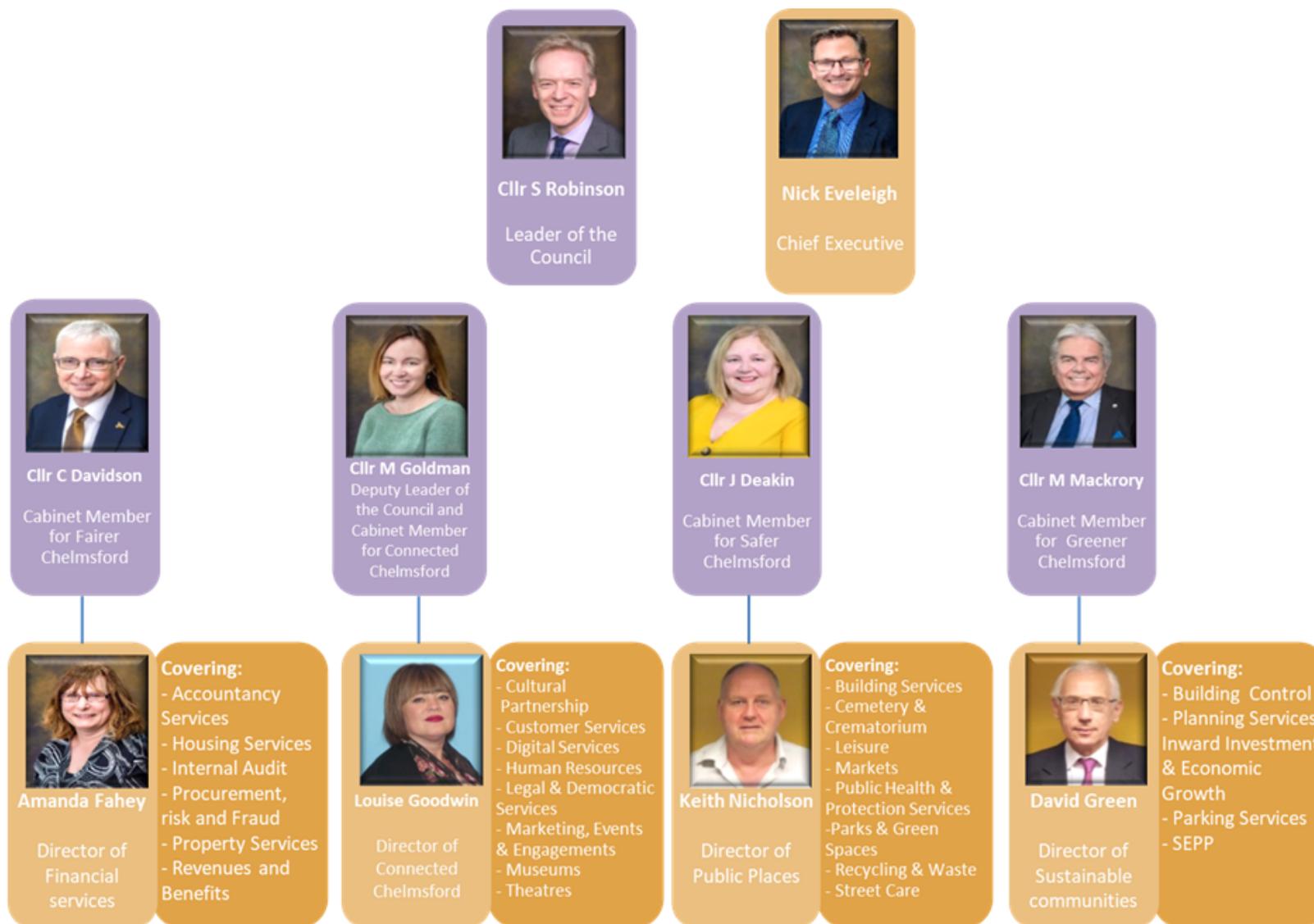
Tax base

The number of houses we can charge our council tax on.

Trading undertakings

Part of our activities where the service could also be provided by others outside the Council.

11 - Our structure chart as at 31 March 2020



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