

**ANNUAL REPORT**

**and**

**STATEMENT OF  
ACCOUNTS**

**2016/17**

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## **2 – ANNUAL REPORT**

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

### **Introduction by the Leader of the Council**

I am delighted to introduce our annual report and accounts for 2016/17.

I must start my report by mentioning the long awaited opening of John Lewis in the new Bond Street Development. The new development opened in September and has transformed the retail offer in Chelmsford with people travelling from afar to visit John Lewis and sample the many new restaurants. Our High Chelmer Shopping Centre was further transformed with the introduction of the new restaurant quarter, additional shops and toilet facilities all of which have been a tremendous success.

Our success however is not just restricted to retail development. We have seen significant housing growth with over a 1,000 housing units being delivered last year and our ambition and progress has been recognised by the Housing and Finance Institute who have declared Chelmsford as one of only two authorities nationally to be declared as being an exemplar Council for Housing delivery.

In order to maintain this growth we recognise that our infrastructure will need to keep pace with our developments and in particular we are keen to see the delivery of a North East bypass together with a new rail station. These large items of infrastructure will require a significant investment from Central Government and we hope to lobby for their support to deliver these. Improvements to our Public Realm have also been completed to compliment the new Bond Street and High Chelmer developments and further enhancements will be undertaken this year to Mill Yard and Bell Meadow enhancing the areas around the train station and Central Park.

I mentioned last year the sale of Chelmer Waterside to Taylor Wimpy and I can report that they will be starting on site shortly delivering 415 new homes. I also mentioned the sale of the Britvic site to Aberdeen Asset Management and I am delighted that this development will be completed in the coming year.

As an ambitious Council we continue to strive to improve our services to our residents and are currently embarking on the development of a new leisure centre, a digital strategy and the provision of modular housing units to help support those most in need. In January we saw the successful introduction of fortnightly collection of residual waste and this has not only reduced our costs but is also increasing the amount of waste recycled. I will report further on these initiatives next year but I hope that these demonstrate our continued drive for improvement.

Our commercial approach continues to deliver greater efficiencies whilst also enhancing the services on offer to our residents.

Our long-term vision, as set out in our Corporate plan, is for Chelmsford to become the economic, cultural, leisure and retail heart of Essex, and a leading regional centre in the East of England. It is a vision for the future of the City and its people, and I believe that we are well underway to delivering against this agenda.

In this report we list some of our achievements over the last year and some of our plans for the years ahead, although there are many more.

I hope you enjoy reading the report. I would welcome any comments you may have to help us improve it for future years.



Councillor Roy Whitehead, Leader of the Council

## Views from the Chief Executive

Chelmsford continues to deliver excellent services and as the Leader mentions in his report Chelmsford is a thriving City with much for us to be proud of. Once again we have many highlights in what has been a very busy year.

In the uncertain world of Local Government, Chelmsford has continued to go from strength to strength. Not only have we seen investment in the City and the delivery of new homes as mentioned by the Leader but we have continued to enhance the services that we deliver to our residents.

During the year there have been many highlights but I was particularly proud that we received recognition for our 18 years as an “Investor in People”. This award is particularly important to me as it demonstrates that through our investment in recruiting, communicating with, retaining, motivating, encouraging and supporting our staff that we have ended up with such a fantastic workforce and they are the ones that cement and maintain our reputation for excellence. Chelmsford is a gold standard employer and this puts us within the top 6% of organisations both public and private sectors.

I am not surprised that we have achieved so many things and I know that we will continue to strive to deliver even better services to our residents over the years to come.

We will however need to remain focused on our priorities and on delivering our long-term vision for the City and this will undoubtedly require difficult choices to be made both politically and managerially. We will need to work closely with our partners and peers to ensure that we get what’s best for Chelmsford.

I believe we have all the building blocks in place to enable us to build on our achievements and look forward to another successful year.



Steve Packham, Chief Executive

## **Achievements**

We won the 2016 Alarm Operational Award for Public Health and Risk Management at the V Festival.

Riverside Ice and Leisure Centre was shortlisted for the APSE (Association of Public Sector Excellence) 'Best Performer' award in the category of Sports and Leisure Facility Management.

The Council received the long service award from liP (Investors in People) and maintained its liP Gold Award.

The Council has been awarded national "Outstanding" Housing Business Ready Status.

The 3ft People Festival was voted 'Best Event and Best Summer Event in Essex' in the Essex Mums Awards 2016.

Chelmsford Museum came runner up in the Best Museum Category. The awards are based on votes from parents across Essex.

We won 'Best Team of the Year 2016' national recycling award, a scheme operated by LARAC (Local Authority Recycling Advisory Committee).

## **Introduction by the Cabinet Member for Finance and the Director of Financial Services**

### **Review of the financial year**

It has been another financially challenging year for the Council. Central Government has reduced our grant by a further £1 million, adding more challenges to the inflationary and demand pressures that the Council is facing.

Consequently, the Council heavily relies on its discretionary income to fund its budget gap. Our Commercial activity steering group, continues to review our income streams and seeks to identify new ones yielding additional income.

We are seeing the impact of the welfare reforms through increased demand for affordable housing and in particular further financial pressures arising due to additional households being placed in temporary accommodation. We have introduced a range of measures to help address this problem including the direct purchase of properties, Homes2Lease Scheme and rent deposit guarantee scheme.

We have continually applied strong financial discipline to our financial planning and this has necessitated making difficult decisions over the last few years. We have achieved significant efficiency savings and in 2016/17 we have introduced fortnightly refuse collection for residual waste significantly reducing the cost of providing the service. This gives us a relatively strong position to respond to further changes.

Despite these pressures, Financial Services has continued to deliver a strong performance and has introduced further initiatives to improve the way we work.

### **Achievements**

We have listed below some of our achievements during 2016/17.

- Processed Benefit Claims significantly under the target of 9 days
- Successfully managed the ongoing introduction of Universal Credit
- Continued in the Countywide Council Tax sharing agreement significantly increasing Council Tax income for the Council
- Exchanged contracts for the sale of Chelmer Waterside and sold the Britvic Site, both generate capital receipts for the Council
- The development of a new restaurant quarter in the High Chelmer shopping centre was completed, increasing both the rental and the NNDR income we collect
- Continued to pursue repayments of VAT

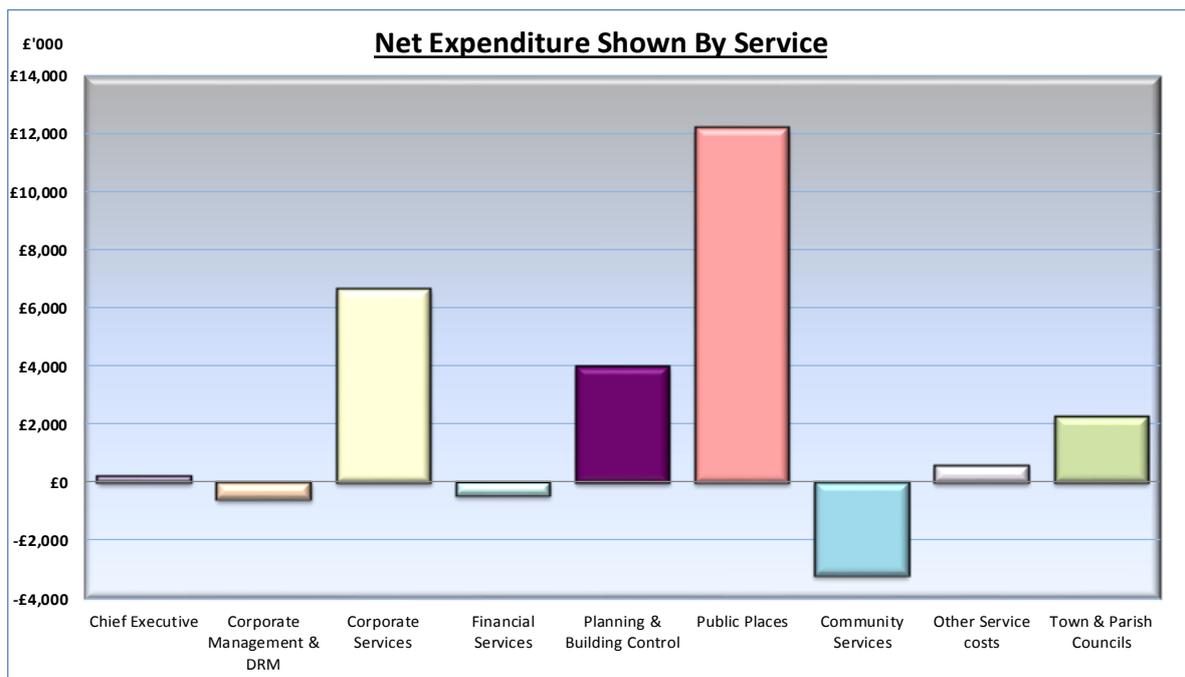
## Performance

Our performance is measured in many ways, but perhaps the most important are the local performance indicators shown in the table below. The number of benefit claims received online has risen strongly. Our collection rates for Council Tax and Non-Domestic Rates (NDR) are holding up well despite difficult economic circumstances.

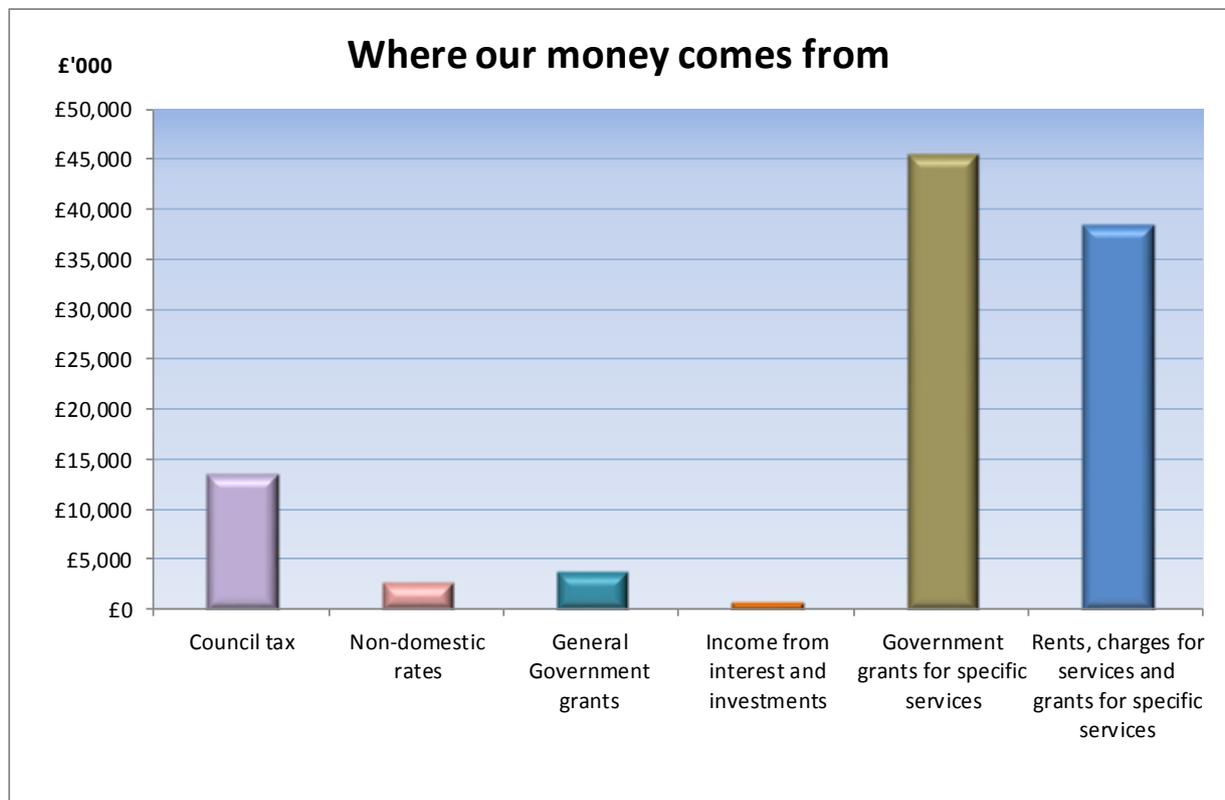
Performance indicator	Performance in 2014/15	Performance in 2015/16	Performance in 2016/17
Percentage of invoices due that were paid on time	97.4 %	96.13%	98.53%
Percentage of council tax due that we collected during the year	98.2 %	98.1 %	97.8 %
Percentage of NDR due that we collected during the year	97.2 %	97.9 %	97.4 %
Benefits claims completed online	30.4 %	47.38 %	56.5 %
Additional benefit subsidy received	£98,000	£118,040	£129,363 (unaudited)
Benefit overpayments recovered	84.9 %	84.8 %	85.11 %
Average time to process all new claims and change events in existing housing benefit	5.9 days	7.3 days	7.9 days

## Council tax

The bar chart below shows how we spent your council tax in 2016/17. The amounts shown represent expenditure less any income that the service receives.



The bar chart below shows where our money came from in 2016/17. You will see that £13.5m of our total income comes from council tax, this includes £2.3m for Parish Councils. Of the total Council Tax collected only 11% comes to us. The remaining 89% goes to Essex County Council, Essex Police, Essex Fire and Rescue Service and Parish councils.



## Reserves

We continually review our General fund balance and the money we have in reserves for specific expenses to make sure they are at the right levels, and that our reserves continue to meet our needs. The Movement in Reserves table gives the size of our reserves at 31 March 2017 and in note 10 we show that we have put money aside to use for specific purposes and are drawing this down when appropriate.

## The future

A revised medium-term financial strategy that aims to identify all significant budget pressures will be presented to Council in July 2017. In October 2016, the Council signed up to Government's four-year Finance settlement agreement to provide greater certainty for future grant funding levels. As part of this agreement the Government intends to completely remove grant to our authority by 2018/19. In order to meet the spending cuts and to equalise resources between authorities, the Government will also charge us an additional tariff payment on Business Rates income from 2019/20. This, along with the economic situation, has contributed to projected budget shortfalls in future years. We are looking at ways of producing a balanced budget over the medium term.

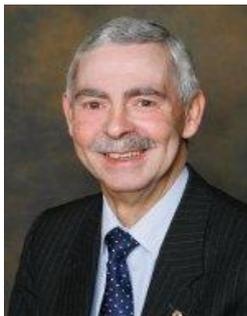
Following a consultation on the New Homes Bonus grant funding, the Government has reduced the amount paid to individual authorities and there is still great uncertainty over the level of future grant payments.

The Valuation office agency completed a revaluation of the Non-Domestic Rates during 2016/17 and consequently introduced new charges to businesses from April 2017. It is difficult to estimate the full impact of the revaluation and the potential appeals that will be made by businesses against the new rates. Furthermore, the impact of the new 100% Business Rates retention scheme could potentially expose us to more risks from fluctuations of Business Rates income. This makes accurate financial planning very difficult. Added to this, we have the ongoing effects of Welfare reforms and a continued real terms reduction in people's income requiring our services to be delivered even more competitively.

All this uncertainty in the budget puts pressure on the Council and we will have to make assumptions on these and other issues. However, if a shortfall arises, we may have to meet some one-off expenditure from our reserves as a short-term measure.

We continually review the way we work so we can provide more efficient services and limit the need to make savings by reducing services.

Financial Services will be involved in supporting a number of our major schemes and will continue to support other services across the Council throughout the year.



Councillor John Galley  
Cabinet Member for Finance



Nick Eveleigh  
Director of Financial Services

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.**

<b>Chelmsford City Council</b>	<b>Essex County Council</b>
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.**

The Council's Corporate Plan includes, as one of six key priorities, an objective to promote a more sustainable environment.

The Council is committed to helping to create a more sustainable future for the City, working proactively to reduce the adverse social, economic and environmental impact that climate change may have on local communities and businesses operating in the area.

Driven by a local climate impact profile used to assess the potential risks and implications of climate change on the area, the focus of the Council's efforts is on reducing waste, reusing resources, improving energy efficiency and lowering carbon emissions, whilst enhancing the quality and beneficial impact of our natural environment.

The success of this Plan in the longer term is measured in terms of:

- Reduced levels of non-recyclable waste collected and increased levels of recycling and composting
- Lower energy consumption

During 2016/17 the Council has:

- Continued the programme to introduce separate food waste collections and extended recycling services to flats to further reduce the volume of material sent to landfill and increase the proportion of material that is re-used, recycled or composted
- Changed the frequency of non-recyclable waste collected from general households to once every two weeks to encourage greater use of recycling services
- Reviewed the air quality action plan
- Replaced the humidity and heat reclamation plant at South Woodham Ferrers Leisure Centre
- Continued the replacement LED lighting programme [Civic Theatre and South Woodham Ferrers Leisure Centre]
- Made improvements to the temperature and air handling control at the Civic Theatre
- Lowered the overnight temperature of the swimming pool at South Woodham Ferrers Leisure Centre
- Updated pumps and air conditioning units at the Civic Centre and at Waterhouse Lane Depot with more efficient models

## 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. 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 174,000 living in approximately 73,000 households and is the focus for business, retail, leisure and culture in Essex. It will continue to be a major centre of development, with an estimated population of 192,000 by 2022.

Our annual statement of accounts summarises our financial affairs for 2016/17 and shows our financial position on 31 March 2017. It includes the following:

- **Annual report** - An introduction and summary to the Statement of accounts and the Council's position and achievements.
- **Environmental issues** - An overview of our effect on the environment.
- **Narrative Report** - An overview of the detailed statement.
- **Main financial statements:**
  - **Statement of responsibilities for the Statement of accounts** - Who is responsible for individual aspects of the accounts.
  - **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 expenditure and income 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 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 by those who provide loans to us.
- **Notes to the main financial statements** - These explain our accounting policies and some of the figures in the main financial statements.

As part of the presentational changes introduced by the 2016/17 Code, we now include '**Expenditure and Funding Analysis**' statement in note 1. This is a supporting statement that 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 showing 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.

We did not need to make any restatements for last year's accounts due to error, however following amendments to accounting standard IAS1 presentation of Financial Statement, we were required to change the presentational format of Comprehensive Income and Expenditure statement and Movement in Reserves statement and to restate 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.

We report to the Cabinet and the Audit 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, and**
- **Various auditors' reports on the accounts and other matters.**

**SUMMARY TABLES**

<b>A simplified statement showing the change on our Comprehensive income and expenditure account and General fund balance from 1 April 2016 to 31 March 2017</b>	Gross Expenditure £ 000	Income £ 000	Net Expenditure £ 000
Total Spending on Current services	104,940	(79,435)	25,505
Other Income and Expenditure	38,250	(69,014)	(30,764)
Total spending on services as presented in the Comprehensive Income and Expenditure account			(5,259)
Adjustments between The Funding and Accounting bases			(5,529)
<b>Change in General fund (including Earmarked Reserves)</b>			<b>270</b>

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 Cost of IAS 19 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 NNDR transactions on accrual basis, with the timing difference being adjusted through Council Tax and NDR adjustment account, reported on in the Movement in Reserve Statement.

**Simplified Balance sheet statement**

<b>A simplified Balance Sheet</b>		31 March 2017
		£ 000
<b>What we own</b>		
Assets		226,360
Stocks		291
Investments		46,944
		<b>273,595</b>
<b>What we are owed</b>		
Amounts due before 31 March 2017		16,982
Amounts due after 31 March 2017		1,932
		<b>18,914</b>
<b>What we owe</b>		
Amounts due before 31 March 2017		(22,060)
Amounts due after 31 March 2017		(4,972)
Provisions		(4,315)
Pension deficit		(120,409)
		<b>(151,756)</b>
<b>Cash and equivalents in hand or (overdrawn)</b>		<b>23,190</b>
<b>Net assets</b>		<b>163,943</b>
<b>Our reserves</b>		31 March 2017
		£ 000
<b>Usable reserves</b>		54,575
<b>Unusable reserves</b>		109,368
<b>Total reserves</b>		<b>163,943</b>

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

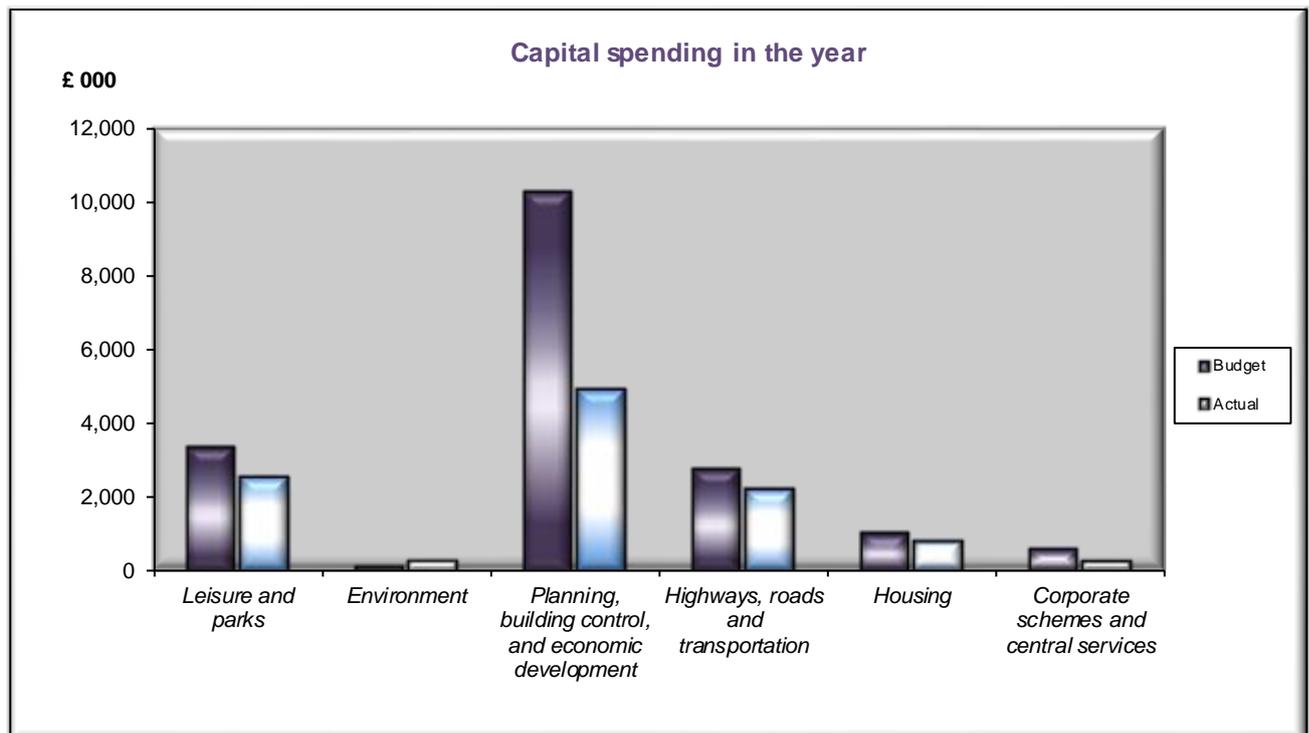
We produce our accounts in International Financial Reporting Standards (IFRS) format. This is to comply with agreed accounting practices. Where there is any change in accounting practice we restate last year's figures.

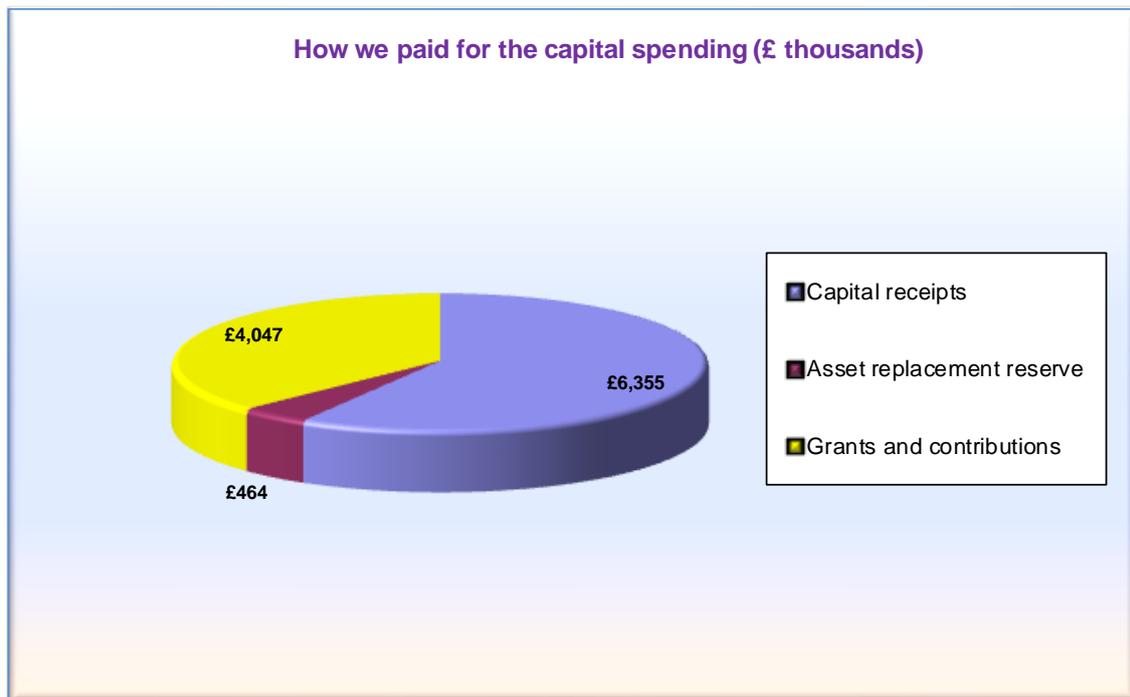
## Borrowing

We have repaid all our loans. Our only borrowing is on finance leases.

## Capital spending

During the year we spent £10,866,000 on capital schemes, against a budget of £18,000,000. 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).





### **Material unusual charges to the accounts**

There have not been any of these.

### **Major changes in statutory functions**

There have not been any of these.

### **Significant provisions or contingencies or material write-offs**

We have a provision for NDR appeals.

### **Material events after the Statement of accounts was prepared**

There are no such events.

### **Effects of the current economic climate**

Our support grant from the Government has been cut substantially in 2016/17, as it was in previous years, and is expected to be completely removed over the next few years. Despite this we have still produced a balanced budget and expect this to continue into the future.

### **Auditors**

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

## Performance measures

For 2016/17 we have established 21 performance indicators that were regularly reviewed and reported to the Overview and Scrutiny Committee. These are financial and non-financial indicators that measure the progress made in terms of achieving the Council's Priorities.

The following six key priorities were established as part of the Council's Corporate Plan:

- Attracting investment and delivering infrastructure
- Facilitating suitable housing for local needs
- Providing high quality public spaces
- Promoting a more sustainable environment
- Promoting healthier and more active lives
- Enhancing participation in cultural activities

For 2016/17 we were above target in 14 of these indicators (2015/16, 14 of 20 indicators). Where targets are not met we provide explanations for this and establish appropriate remedial action.

The majority of the indicators were consistent with the previous year's performance. Further explanation is provided for the indicators that have failed to achieve the target.

We achieved our targets for the following key performance indicators during 2016/17:

Indicator	Achieved in 2015/16	Achieved in 2016/17	Target set as
<u>Net additional homes provided</u> To encourage a greater supply of new homes in England to address the long term housing affordability issue. This indicator measures the net increase in dwelling stock over one year. It is calculated as the sum of new build completions, minus demolitions, plus any gains or losses through change of use and conversions.	792	1002	776
<u>Number of households living in temporary accommodation</u> This indicator measures the numbers of households living in temporary accommodation provided under the homelessness legislation.	249	343	340
<u>Green' queue waiting time</u> Average waiting time to see an advisor at the Customer Service Centre for Concessionary Fares and Parking Permits.	98.75%	97.50%	90.00% customers to see an advisor within 15 minutes

Indicator	Achieved in 2015/16	Achieved in 2016/17	Target set as
<u>Blue' queue waiting time</u> Average waiting time to see an advisor at the Customer Service Centre for Housing, Revenues and Benefits.	98.00%	95.75%	90.00% customers to see an advisor within 30 minutes
<u>Average number of unique visitors to the Visit Chelmsford website</u> The Visit Chelmsford website was launched in 2014 and this indicator enables us to measure the site's performance.	5,434	8,639	6,000
<u>The average time taken in calendar days to process all new claims and change events in Housing Benefit and Council Tax Benefit</u> This indicator monitors our performance in processing all new claims and change events in Housing Benefit and Council Tax Benefit enabling us to make comparison to the national average performance.	7.31 days	7.91 days	process claims in under 9.00 days
<u>Number of Customer visits to our sport centres and sport activities</u> This indicator monitors visits to our sports centres and sports activities attendance.	1,436,105	1,492,958	1,424,999
<u>Theatre hire visits</u> Monitoring the level of visitor attendance at the Civic & Cramphorn Theatres at shows or events where the venues are hired by a third party.	37,748	37,877	36,000
<u>Income from Theatres</u> This indicator monitors income achieved from Theatre admissions against the set budget.	105.34% of budget set	108.79% of budget set	£1,347,700
<u>Income from Riverside Leisure Centre</u> This indicator measures income achieved by the Riverside Leisure Centre against set budget.	92.95%	103.5%	£2,957,700
<u>Income from Hylands House and Visitor Centre</u> This indicator monitors income achieved from facility hire for events and rents against set budget.	106.08% of budget set	116.27% of budget set	£879,600
<u>The number of working days lost due to sickness absence</u> This indicator is used to monitor the level of sickness absence in local authorities.	7.04	6.95	less than 7.14 days
<u>Base budget income for Car Parking</u> Total amount of Car Parks fee income achieved against the set budget.	114.41% of budget set	104.09% of budget set	£6,300,000
<u>Base budget income for Cemetery and Crematorium</u> This indicator monitors income achieved from Cemetery and Crematorium fees against the set budget.	100.02% of budget set	101.38% of budget set	£1,624,800

We did not reach our targets for the following indicators during 2016/17:

<b>Target</b>	<b>Supporting information</b>
<p><u>Number of affordable homes delivered</u> Affordable housing is measured as the numbers of affordable dwellings provided in each year, through new build and acquisitions. This does not take account of losses through sales of affordable housing and demolitions.</p>	<p>There was a significant increase in the number of affordable homes delivered from 53 in 2015/16 to 226 in 2016/17. The target setting for this indicator is dependent on the upcoming housing developments in the Chelmsford area and the target was set to 265 in 2016/17. The supply of new affordable homes is forecast to increase significantly in 2017/18.</p>
<p><u>Percentage of waste reused, recycled &amp; composted</u> The indicator measures percentage of household waste arising's which have been sent by the Council for reuse, recycling, composting or anaerobic digestion.</p>	<p>Long term strategy target of 50% was set for this indicator and in 2016/17 overall diversion rate of 43.16% was achieved, a marginal decrease from the 45.35% rate achieved in 2015/16.</p>
<p><u>Residual waste per household</u> This indicator is the number of kilograms of residual household waste collected per household. Local authorities have an important role to play in assisting their residents to reduce waste (as well as encouraging sorting of waste for recycling, re-use, home composting and other forms of home treatment of waste). This indicator monitors the Council's performance in reducing the amount of waste that is sent to landfill, incineration or energy recovery.</p>	<p>In 2016/17 the average kilograms per household of residual waste increased to 624.64kg from 549.56kg the previous year. The target for the year was 550kg.</p>
<p><u>Theatre promotion visits</u> Monitoring the level of visitor attendance at the Civic &amp; Cramphorn Theatres for the Councils own promotion.</p>	<p>In 2016/17 Theatre promotion visits fell to 75,449 from 77,323 the previous year. The target for the year was 80,000 visits.</p>
<p><u>CSC abandoned calls</u> This indicator measures the rate of abandonment of incoming phone calls for the Customer Service Centre (CSC).</p>	<p>This indicator improved to 11% in 2016/17 from 11.25% in 2015/16, the target for 2016/17 was set to 10%.</p>
<p><u>CSC average waiting time for calls (in seconds)</u> This indicator enables the Service manager to monitor the average waiting time for calls.</p>	<p>The target set for this indicator was 40 seconds. There was a fall in waiting time for calls from 46 seconds in 2015/16 to 43 seconds in 2016/17.</p>
<p><u>Percentage of online contact forms responded to within one working day</u> This indicator is designed to measure the speed of response within the CSC to online contact forms. It is important that those customers who choose to self-serve receive a high level of prompt service.</p>	<p>The target set for this indicator was 90%. Performance for 2016/17 was 87.33% This is a new indicator this year so prior year data is not available.</p>

## Revenue and Budget Process

The Council has a rigorous revenue and capital monitoring process. Management Team and Cabinet Members are given a detailed monthly report and a quarterly report is presented to the Audit Committee.

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

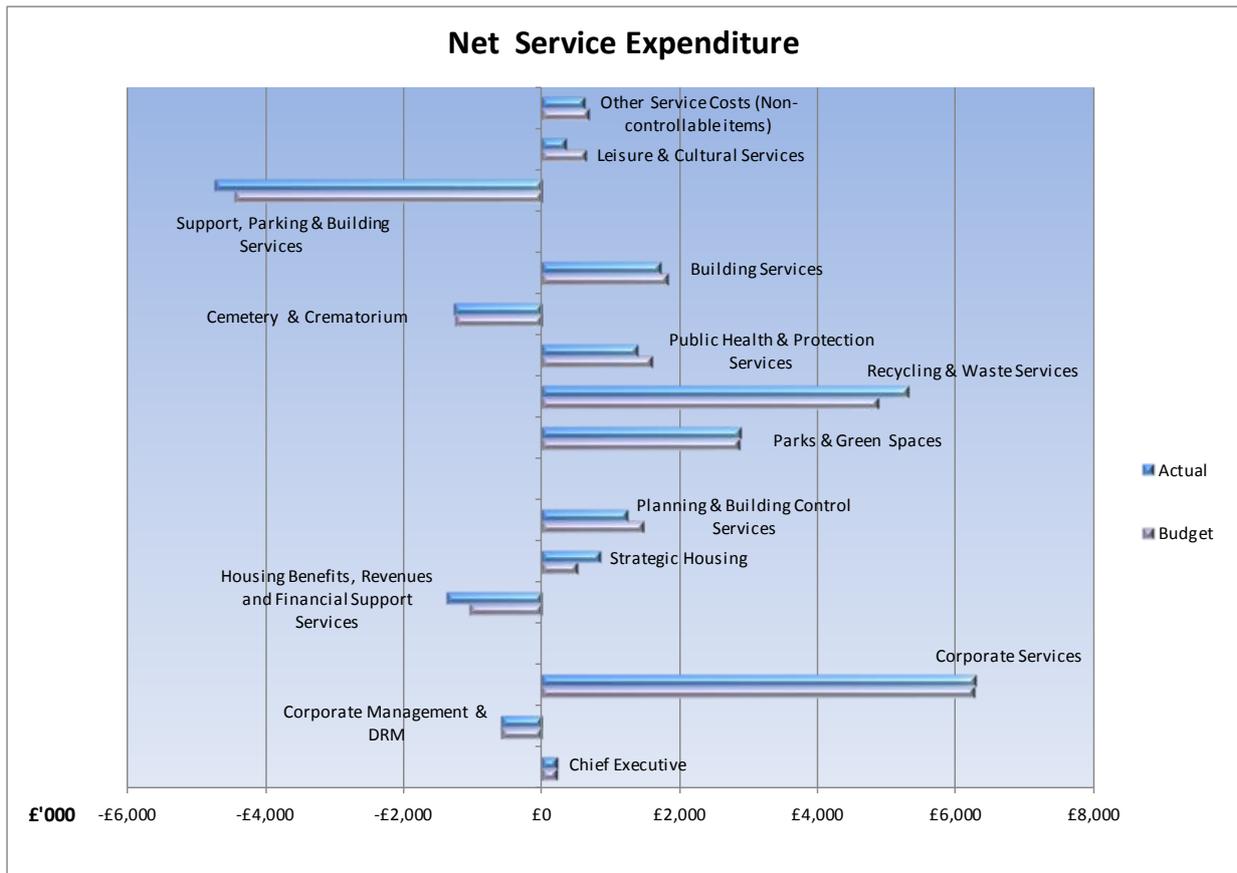
During 2016/17 as part of our outturn savings review and regular monitoring we identified potential savings of £312k. We realigned our budgets to reflect these savings as part of our budget review in November 2016.

## Revenue Outturn position

As part of our revenue budget setting process we will again review our outturn savings so that potential ongoing savings can be identified and budgets realigned accordingly.

The Revenue outturn report identified an underspend of £727k against our £13,660k budget at the service expenditure level. The underspend is mainly from additional income collected compared to budget principally from car parking, planning fees and leisure centres, reduced expenditure on our utility costs and timing delay in budgeted expenditure. After allowing for budgeted transfers to earmarked reserves, our general fund balance has reduced by £259k.

The following graph shows the service revenue outturn.



### Medium Term Financial strategy for 2016/17 to 2020/21

In preparation of our MTFS we aim to take a strategic approach to managing our finances aligning them with the objectives as set out by the Corporate priorities within the Council’s Corporate plan.

The Council faces significant budget pressures for a number of years due to changes to Global and UK economy and reductions in Local Government funding. To mitigate the impact of these changes we aim to prepare a robust financial strategy and took several measures to bridge the anticipated budget deficit.

- The timely and cost effective delivery of the redevelopment of the Riverside pool complex.
- Monitor the Government proposals for changes to business rate retention which include the potential transfer of additional services (burdens) and identify their impact where possible.
- Directors and Cabinet Members to identify income generation ideas for consideration and development by the Commercial Activity Steering group.
- Capital resources are used to achieve revenue budget savings or deliver significant service enhancements by undertaking schemes that produce additional income or lower running costs.

- Review of the property assets to release surplus assets, to achieve value for money and to examine options to acquire new assets that deliver additional financial and service benefits.

## **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 2016/17 we continued to invest in our workforce by employing several interns within various departments of the Council.

We have been assessed by the Investors in People (IIP) and the Council received the long service award and maintained its IIP Gold Award.

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

## **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 Committee, on behalf of Chelmsford City Council.*

**Councillor Malcolm Watson**  
**Chairman of the Audit Committee**

### **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 2017 and the income and spending for the year ended 31 March 2017.*

**Nick Eveleigh**  
**Director of Financial Services**

## 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.

2015/16 (Restated)			Money spent on services direct to the public	Notes	2016/17		
Gross spending £ 000	Income £ 000	Net spending £ 000			Gross spending £ 000	Income £ 000	Net spending £ 000
217	(2)	215	<b>Chief Executive</b>		242	-	242
-	(475)	(475)	<b>Corporate Management &amp; DRM</b>		-	(592)	(592)
6,965	(592)	6,373	<b>Corporate Services</b>		7,538	(600)	6,938
			<b>Financial Services</b>				
5,009	(1,746)	3,263	Housing Benefits, Revenues & Financial		4,785	(1,740)	3,045
3,170	(2,253)	917	Strategic Housing		3,935	(2,938)	997
4,542	(2,396)	2,146	<b>Planning and Building Control</b>		6,631	(2,430)	4,201
			<b>Public Places</b>				
4,094	(624)	3,470	Parks & Green Spaces		4,094	(826)	3,268
11,831	(5,380)	6,451	Recycling & Waste Services		12,152	(5,501)	6,651
3,564	(747)	2,817	Public Health & Protection		2,821	(674)	2,147
742	(1,625)	(883)	Cemetery and Crematorium		708	(1,884)	(1,176)
2,161	(207)	1,954	Building Services		2,168	(155)	2,013
			<b>Community Services</b>				
3,011	(7,761)	(4,750)	Support, Parking		3,182	(7,531)	(4,349)
10,444	(7,775)	2,669	Leisure and Cultural Services		10,072	(8,418)	1,654
48,202	(47,670)	532	<b>Other Service Costs</b> (including Housing Benefit subsidy)		46,612	(46,146)	466
<b>103,952</b>	<b>(79,253)</b>	<b>24,699</b>	<b>Spending on current services</b>		<b>104,940</b>	<b>(79,435)</b>	<b>25,505</b>
6,475	(3,636)	2,839	Other operating expenditure	11	5,556	(4,885)	671
3,241	(12,007)	(8,766)	Financing and investment	12	3,454	(6,289)	(2,835)
-	-	-	Spending on discontinued operations		-	-	-
28,072	(54,627)	(26,555)	Taxation and general grants	13	29,240	(57,840)	(28,600)
<b>141,740</b>	<b>(149,523)</b>	<b>(7,783)</b>			<b>143,190</b>	<b>(148,449)</b>	<b>(5,259)</b>
			<b>Items that will not be reclassified to the Total spending on services</b>				
		(6,427)	(Surplus) or loss from our assets being revalued				(10,479)
		(7,137)	Remeasurement of the assets of the pension fund	33			24,892
			<b>Items that may be reclassified to the Total spending on services</b>				
		(357)	(Surplus) or loss from our available for sale assets being revalued				135
		<b>(21,704)</b>	<b>Total income and expenditure</b>	<b>24</b>			<b>9,289</b>

## Movement in reserves statement

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

	General fund (Restated)	Capital receipts reserve	Capital grants unapplied (note 38)	Total usable reserves	Unusable reserves (note 20)	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Balance at 1 April 2015</b>	21,728	17,464	11,554	50,746	100,782	151,528
Total comprehensive expenditure and income	7,783	-	-	7,783	13,921	21,704
Adjustments from council tax levied and accounting regulations (note 9)	(6,504)	(3,627)	4,679	(5,452)	5,452	-
Net increase or (decrease)	1,279	(3,627)	4,679	2,331	19,373	21,704
<b>Balance at 31 March 2016</b>	23,007	13,837	16,233	53,077	120,155	173,232

	General fund	Capital receipts reserve	Capital grants unapplied (note 38)	Total usable reserves	Unusable reserves (note 20)	Total reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Balance at 1 April 2016</b>	23,007	13,837	16,233	53,077	120,155	173,232
Total comprehensive expenditure and income	5,259	-	-	5,259	(14,548)	(9,289)
Adjustments from council tax levied and accounting regulations (note 9)	(5,529)	(1,174)	2,942	(3,761)	3,761	-
Net increase or (decrease)	(270)	(1,174)	2,942	1,498	(10,787)	(9,289)
<b>Balance at 31 March 2017</b>	22,737	12,663	19,175	54,575	109,368	163,943

## Balance sheet

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

31 March 2016	Balance Sheet		31 March 2017
£ 000		Notes	£ 000
	Long-term assets		
141,531	Property, plant and equipment	14	152,827
68,355	Investment property	14	69,290
797	Intangible assets	14	653
3,508	Heritage assets	15	3,590
6,420	Long-term investments	16	6,280
3,453	Long-term debtors		1,932
<b>224,064</b>			<b>234,572</b>
	Current assets		
252	Stocks		291
33,277	Short-term investments	16	40,664
16,914	Short-term debtors	18	16,982
-	Assets held for sale	14	-
14,322	Cash in hand and cash equivalents	19	23,776
<b>64,765</b>			<b>81,713</b>
	Current liabilities		
(12,989)	Short-term creditors	20	(22,060)
(5,843)	Provisions	21	(4,315)
(520)	Cash overdrawn	19	(586)
<b>(19,352)</b>			<b>(26,961)</b>
	Long-term liabilities		
-	Long-term borrowing	16	-
(2,187)	Long-term creditors	39	(766)
-	Donated assets account	30	-
(3,497)	Capital grants received in advance	30	(4,206)
(90,561)	Liability relating to our pensions	33	(120,409)
<b>(96,245)</b>			<b>(125,381)</b>
<b>173,232</b>	<b>Net assets</b>		<b>163,943</b>

31 March 2016		Notes	31 March 2017
£ 000			£ 000
	Reserves		
53,077	Usable reserves (see Movement in Reserves Statement)		54,575
120,155	Unusable reserves	22	109,368
<b>173,232</b>	<b>Total reserves</b>		<b>163,943</b>

These financial statements replace the unaudited financial statements certified by Nick Eveleigh, Director of Financial Services on 08 June 2017.

## Cashflow statement

**This section shows what cash we spend and receive.**

2015/16 £ 000	Cash Flow	Notes	2016/17 £ 000
	<b>Operating activities</b>		
	Spending		
(24,505)	Cash paid to and for employees		(24,933)
(47,997)	Housing benefit paid out		(46,438)
(223)	NNDR payments to the national pool		(224)
(2,245)	Precepts		(2,275)
(3)	Payment to the housing capital receipts pool		(3)
(28,540)	Tariff & Levy/ Safety Net		(29,240)
(21)	Interest paid		(10)
(25,370)	Other costs		(29,477)
	Income		
7,006	Rents (after rebates)		8,899
13,056	Council tax		13,661
30,840	NDR we received		31,636
2,336	Revenue support grant		1,359
46,555	DWP grants for rebates		44,912
3,370	Other government grants		3,596
20,150	Cash we received for goods and services		21,793
1,002	Interest we received		891
8,863	Other revenue cash payments or income		7,550
4,274	<b>Net cash inflow or (outflow) from operating</b>	23	1,697
	<b>Investing activities</b>		
	Spending		
(3,783)	Buying non-current assets		(3,843)
(2,069)	Other capital cash payments		(3,448)
-	Other payments		-
	Income		
777	Selling non-current assets		5,119
7,625	Capital grants we received		7,882
	Grants applied to fund capital spending		
(435)	Other contributions		(1,421)
(3,481)	Change in our investments		(7,382)
(1,366)	<b>Net cash inflow or (outflow) from capital</b>		(3,093)
2,908	<b>Net cash inflow or (outflow) before financing</b>		(1,396)
	<b>Management of liquid resources</b>		
	<b>Financing activities</b>		
(146)	Other liquid resources		10,784
	Spending		
-	Repaying loans		-
	Income		
-	New loans		-
(146)	<b>Cash flow from financing activities</b>		10,784
2,762	<b>Increase or (decrease) in cash</b>		9,388
11,040	<b>Cash balance at the beginning of the year</b>		13,802
13,802	<b>Cash balance at the end of the year</b>		23,190

## 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.

2015/16				2016/17		
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
215	-	215	<b>Chief Executive</b>	228	14	242
(475)	-	(475)	<b>Corporate Management &amp; DRM</b>	(592)	-	(592)
5,681	692	6,373	<b>Corporate Services</b>	6,287	651	6,938
			<b>Financial Services</b>			
			Housing Benefits, Revenues & Financial Support			
(404)	3,667	3,263	Services	(1,365)	4,410	3,045
464	453	917	Strategic Housing	843	154	997
1,348	798	2,146	<b>Planning and Building Control</b>	1,243	2,958	4,201
			<b>Public Places</b>			
2,753	717	3,470	Parks & Green Spaces	2,890	378	3,268
4,909	1,542	6,451	Recycling & Waste Services	5,309	1,342	6,651
1,443	1,374	2,817	Public Health & Protection	1,385	762	2,147
(1,089)	206	(883)	Cemetery and Crematorium	(1,262)	86	(1,176)
1,754	200	1,954	Building Services	1,721	292	2,013
			<b>Community Services</b>			
(4,431)	(319)	(4,750)	Support, Parking	(4,732)	383	(4,349)
1,766	903	2,669	Leisure and Cultural Services	360	1,294	1,654
			<b>Other Service Costs (including Housing Benefit subsidy)</b>			
658	(126)	532		618	(152)	466
<b>14,592</b>	<b>10,107</b>	<b>24,699</b>	<b>Spending on current services</b>	<b>12,933</b>	<b>12,572</b>	<b>25,505</b>
2,245	594	2,839	Other operating expenditure	2,275	(1,604)	671
727	(9,493)	(8,766)	Financing and investment	(27)	(2,808)	(2,835)
-	-	-	Spending on discontinued operations			-
(18,843)	(7,712)	(26,555)	Taxation and general grants	(14,911)	(13,689)	(28,600)
<b>(1,279)</b>	<b>(6,504)</b>	<b>(7,783)</b>	<b>Total spending on services</b>	<b>270</b>	<b>(5,529)</b>	<b>(5,259)</b>

## **2 General Accounting policies**

The Statement of accounts is a summary of our transactions for the financial year 2016/17 and our position at the year end, 31 March 2017. 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 2016/17, a statement of recommended practice ('the Code'), supported by International Financial Reporting Standards.

The 2016/17 Code introduced several presentational changes to the statement of accounts.

The Comprehensive Income and Expenditure statement (CIES) is no longer prepared on the Service Reporting Code of Practice (SerCop) basis and instead reflects the reporting structure as presented in our internal revenue monitoring reports. We are required to produce a new supporting statement 'Expenditure and Funding analysis' that reconciles the net expenditure presented in CIES to the net expenditure chargeable to General fund as presented in our management outturn report.

We are required to prepare a more simplified Movement in Reserves Statement that shows Earmarked Reserves as part of the General Fund balance.

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.

### **Carbon reduction commitment scheme**

We do not have to take part in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme as our energy usage has fallen below the minimum thresholds.

### **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.

### **Effects of changes in estimates**

We have not changed the way we estimate amounts to be included in the accounts.

### Employee benefits

Where an employee has not taken all their holidays or has accumulated hours at the end of the year, we charge the cost of this to the spending on services. To stop this being a charge to council tax, we reverse the entry out in the Accumulating compensated absences adjustment account.

### 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 amount for which an asset could be exchanged, or a liability settled, between willing and knowledgeable people in an open-market transaction.

<b>Asset type</b>	<b>Fair value</b>
Property, plant and equipment	The amount that would be paid for land and buildings while they are being used for their existing purpose.
Leases	The value of the lease to another party.
Investment property	The market value of the asset in its most valuable use.
Intangible assets	Where there is no active market in the asset, it will be recorded at cost. Otherwise, the asset will be included at market value.
Non-current assets held for sale	The market value of the asset.
Stocks	The amount for which an asset could be exchanged, or a liability settled, between willing and knowledgeable people in an open-market transaction.
Debtors	The amount for which an asset could be exchanged, or a liability settled, between willing and knowledgeable people in an open-market transaction.
Financial instruments	Usually, the price at which the asset is sold.
Creditors	The amount for which an asset could be exchanged, or a liability settled, between willing and knowledgeable people in an open-market transaction.
Employee benefits	Pension fund assets and liabilities are measured at fair value in accordance with IAS19.
Pension fund plan investments	Retirement benefit plan investments are 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.

### **Minimum repayment of principal (MRP)**

We are required to charge our revenue budgets an annual MRP for the repayment of debt. We calculate the MRP using the Asset Life Method. This method requires MRP to be charged over the asset life. The asset life is determined in the year MRP commences and is not changed. MRP will not be charged until the asset becomes operational.

### **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.

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 incurred during the year that do not create non-current assets can be funded by capital resources under Government Statute. 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.

### **Stocks**

We record stocks at their actual costs or the amount we could sell them for, whichever is the lower. Most of our stocks are controlled by a stores accounting system, and are shown at the last price we bought them for. Other stocks are shown at cost price. The difference between the two practices is not significant.

### **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.

We do not expect that the changes introduced by the 2017/18 Code will have a material impact on the accounts.

## **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.

- There is a lot of uncertainty about the future level of Government grant funding. The Government is committed to removing the Formula grant funding and the New Homes Bonus grant may reduce in the future. It is also unclear how Britain's decision to leave the European Union will impact on Local Government finances. We believe that we will be able to produce a balanced budget despite this and that our asset values do not need to be impaired as a result of needing to close facilities or reduce service provision.
- Leases are classified as finance or operational. The Council follows the tests laid under accounting standards, which require us to estimate asset life, rates

of return achieved by leasing companies and ownership rights. Leases, once classified, cannot be moved from one category to another. However, finance leases are recorded on the Balance sheet as if we owned the assets; operational leases are not.

## 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.

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if assumptions change</b>
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 43 years and the depreciation charge for the year is £3.5m. If this life were reduced by a year, the depreciation charged would increase by £0.1m.
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, we 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 2017 following successful appeals. Our share of this provision is £4.3m (see Note 21). The estimate has been calculated using the Valuation Office Agency ratings list of appeals, and historical data on successful appeals to date. It is possible that appeals will be settled at amounts which differ from the estimate made.

Arrears	<p>We had a balance on sundry debtors of £17.0m at the year end. We have made an allowance for doubtful debts of £2.0m, based on various percentages of different ages of debts. In the current economic climate these assumptions may change.</p>	<p>If the economic conditions deteriorate, a doubling of the allowance for doubtful debts would require us to set aside another £2.0m.</p>
Fair Value Measurement	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices 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 below.</p>	<p>The Council uses Level 2 observable inputs for valuing both its Investment properties and financial instruments. The 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. Significant changes in any of the observable inputs would result in significantly lower or higher fair values.</p>

## 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 I.

2015/16				Analysis of adjustments made to arrive at the Comprehensive Income and Expenditure Statement	2016/17			
Adjustments for Capital Charges	Net change for the Pensions Adjustment	Other Adjustments	Adjustments between the Funding and Accounting bases		Adjustments for Capital Charges	Net change for the Pensions Adjustment	Other Adjustments	Adjustments between the Funding and Accounting bases
(Note 1) £ 000	(Note 2) £ 000	(Note 3) £ 000	£ 000		(Note 1) £ 000	(Note 2) £ 000	(Note 3) £ 000	£ 000
-	-		-	<b>Chief Executive</b>	-	14		14
-	-		-	<b>Corporate Management &amp; DRM</b>	-	-		-
381	311		692	<b>Corporate Services</b>	356	295		651
			-	<b>Financial Services</b>				-
(8)	250	3,425	3,667	Housing Benefits, Revenues & Financial Support	14	210	4,186	4,410
360	48	45	453	Strategic Housing	61	41	52	154
576	222		798	<b>Planning and Building Control</b>	2,762	196		2,958
			-	<b>Public Places</b>				
490	182	45	717	Parks & Green Spaces	414	165	(201)	378
1,081	416	45	1,542	Recycling & Waste Services	907	385	50	1,342
1,242	128	4	1,374	Public Health & Protection	642	116	4	762
170	14	22	206	Cemetery and Crematorium	52	12	22	86
65	52	83	200	Building Services	129	48	115	292
				<b>Community Services</b>				
(523)	167	37	(319)	Support, Parking	194	152	37	383
497	406		903	Leisure and Cultural Services	967	327		1,294
(6)	(112)	(8)	(126)	Other Services Costs (including HB subsidy)		(115)	(37)	(152)
4325	2,084	3,698	10,107	<b>Spending on current services</b>	6,498	1,846	4,228	12,572
758		(164)	594	Other operating expenditure	(1,680)		76	(1,604)
(8,864)	2,913	(3,542)	(9,493)	Financing and investment	(1,577)	3,110	(4,341)	(2,808)
(7,000)		(712)	(7,712)	Taxation and general grants	(7,081)		(6,608)	(13,689)
(10,781)	4,997	(720)	(6,504)	<b>Total spending on services</b>	(3,840)	4,956	(6,645)	(5,529)

### 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 MRP.

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 Adjustments

For the services lines this represents a removal of the 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 and 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.

## 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 (£46m)
- Government grant in respect of housing benefit paid to the Council (£44.9m)
- Income from sales, fees and charges and rents (£30.7m)
- Employee costs (£24.9m)

## 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

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### **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 explained in note 10 to the main financial statements. These are usable reserves.</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>

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Movements in 2015/16	General fund	Capital	Capital grants	Total usable	Unusable
	£ 000	receipts £ 000	unapplied £ 000	reserves £ 000	reserves £ 000
<b>Reversal of items included in the Comprehensive income and expenditure statement (CI&amp;ES)</b>					
Depreciation and impairment of non-current assets	(3,415)	-	-	(3,415)	3,415
Revaluation losses on property, plant and equipment	1,399	-	-	1,399	(1,399)
Change in the market value of investment properties	7,456	-	-	7,456	(7,456)
Amortisation of intangible assets	(249)	-	-	(249)	249
Capital grants and contributions applied to capital financing	1,051	-	-	1,051	(1,051)
Movement in the donated assets account	-	-	-	-	-
Revenue expenditure funded from capital under statute	(2,069)	-	-	(2,069)	2,069
Gain or loss on the disposal of non-current assets	(1,485)	(47)	-	(1,532)	1,532
Unrealised Gain on Investments	-	-	-	-	-
<b>Inclusion of items not included in the CI&amp;ES</b>					
Statutory provision for the financing of capital investment	226	-	-	226	(226)
Capital expenditure charged to the general fund	1,183	-	-	1,183	(1,183)
<b>Adjustments involving the capital receipts reserve</b>					
Asset sale proceeds credited to the CI&ES	723	(758)	-	(35)	35
Use of capital receipts to fund new capital spending	-	4,432	-	4,432	(4,432)
Capital receipts used to fund sale costs	-	-	-	-	-
Transfers to the housing capital receipts pool	(4)	4	-	-	-
Transfers from deferred capital receipts on receipt of cash	-	(4)	-	(4)	4
<b>Adjustments involving the capital grants unapplied account</b>					
Reversal of unapplied capital grants and contributions credited to the CI&ES	1,905	-	(1,905)	-	-
CIL grant	4,090	-	(4,090)	-	-
Grants applied to capital financing	-	-	1,316	1,316	(1,316)
<b>Adjustments involving the deferred capital receipts reserve</b>					
Deferred asset sale proceeds credited to the CI&ES	-	-	-	-	-
<b>Adjustments involving the financial instruments adjustment account</b>					
Difference between financing costs charged under statutory and accounting requirements	-	-	-	-	-
<b>Adjustments involving the pension reserve</b>					
Reversal of post-employment benefits charged to the CI&ES	(8,401)	-	-	(8,401)	8,401
Employer's pension contributions paid in the year	3,404	-	-	3,404	(3,404)
Actuarial gains or (losses)	-	-	-	-	-
<b>Adjustments involving the collection fund adjustment account</b>					
Adjustment for Council Tax collection fund income	(285)	-	-	(285)	285
Adjustment for Non-domestic rates collection fund income	997	-	-	997	(997)
<b>Adjustments involving the unequal back-pay adjustment account</b>					
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	-	-	-	-	-
<b>Adjustments involving the accumulating compensated absences adjustment</b>					
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	(22)	-	-	(22)	22
<b>Total adjustments</b>	<b>6,504</b>	<b>3,627</b>	<b>(4,679)</b>	<b>5,452</b>	<b>(5,452)</b>

Movements in 2016/17	General fund	Capital receipts	Capital grants unapplied	Total usable reserves	Unusable reserves
	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Reversal of items included in the Comprehensive income and expenditure account (CI&amp;ES)</b>					
Depreciation and impairment of non-current assets	(3,565)	-	-	(3,565)	3,565
Revaluation losses on property, plant and equipment	761	-	-	761	(761)
Change in the market value of investment properties (+gain/-loss)	885	-	-	885	(885)
Amortisation of intangible assets	(245)	-	-	(245)	245
Capital grants and contributions applied to capital financing	1,290	-	-	1,290	(1,290)
Movement in the donated assets account	-	-	-	-	-
Revenue expenditure funded from capital under statute	(3,450)	-	-	(3,450)	3,450
Gain or loss on the disposal of non-current assets	(125)	(3,311)	-	(3,436)	3,436
Unrealised Gain on Investments	-	-	-	-	-
<b>Inclusion of items not included in the CI&amp;ES</b>					
Statutory provision for the financing of capital investment	228	-	-	228	(228)
Capital expenditure charged to the general fund	464	-	-	464	(464)
<b>Adjustments involving the capital receipts reserve</b>					
Asset sale proceeds credited to the CI&ES	1,809	(1,869)	-	(60)	60
Use of capital receipts to fund new capital spending	-	6,355	-	6,355	(6,355)
Capital receipts used to fund sale costs	-	-	-	-	-
Transfers to the housing capital receipts pool	(3)	3	-	-	-
Transfers from deferred capital receipts on receipt of cash	-	(4)	-	(4)	4
<b>Adjustments involving the capital grants unapplied account</b>					
Reversal of unapplied capital grants and contributions credited to the CI&ES	2,309	-	(2,309)	-	-
CIL grant	3,481	-	(3,481)	-	-
Grants applied to capital financing	-	-	2,848	2,848	(2,848)
<b>Adjustments involving the deferred capital receipts reserve</b>					
Deferred asset sale proceeds credited to the CI&ES	-	-	-	-	-
<b>Adjustments involving the financial instruments adjustment account</b>					
Difference between financing costs charged under statutory and accounting requirements	-	-	-	-	-
<b>Adjustments involving the pension reserve</b>					
Reversal of post-employment benefits charged to the CI&ES	(8,334)	-	-	(8,334)	8,334
Employer's pension contributions paid in the year	3,378	-	-	3,378	(3,378)
Actuarial gains or losses	-	-	-	-	-
<b>Adjustments involving the collection fund adjustment account</b>					
Adjustment for Council Tax collection fund income	153	-	-	153	(153)
Adjustment for Non-domestic rates collection fund income	6,456	-	-	6,456	(6,456)
<b>Adjustments involving the unequal back-pay adjustment account</b>					
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	-	-	-	-	-
<b>Adjustments involving the accumulating compensated absences adjustment</b>					
Difference between costs charged under statutory requirements and those actually charged to the CI&ES	37	-	-	37	(37)
<b>Total adjustments</b>	<b>5,529</b>	<b>1,174</b>	<b>(2,942)</b>	<b>3,761</b>	<b>(3,761)</b>

**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	Interest rate equalisation	Contingency	Chelmsford Development	NDR appeals	Other reserves	Total earmarked reserves
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 1 April 2015	1	760	2,552	1,256	2,001	3,000	1,738	1,131	12,439
Transfers in	1,554	732	1,429		1,081	1,131	4,420	4	10,351
Transfers out	(508)	(553)	(1,182)	(1,256)	-	-	(1,158)	(262)	(4,919)
Balance at 31 March 2016	1,047	939	2,799	-	3,082	4,131	5,000	873	17,871
Transfers in	2,794	233	1,537	-	-	2,446	-	117	7,127
Transfers out	(367)	(295)	(463)	-	(696)	-	(5,000)	(317)	(7,138)
Balance at 31 March 2017	3,474	877	3,873	-	2,386	6,577	-	673	17,860

**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 Contingency reserve**

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

**e Chelmsford Development Fund**

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

**f NDR appeals**

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

**g Interest Rate Equalisation Reserve**

This reserve has been combined with the Contingency reserve

## 11 Other operating expenditure

2015/16			Other operating expenditure	2016/17		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
2,245	-	2,245	Parish council precepts	2,275	-	2,275
2,843	(3,007)	(164)	(Gains) or losses on trading operations (note 25)	3,153	(3,077)	76
1,384	-	1,384	(Gain) or losses on disposal of non-current assets	125	-	125
-	(629)	(629)	(Gain) or losses on disposal of unattached assets	-	(1,808)	(1,808)
3	-	3	Payments to the Housing capital receipts pool	3	-	3
6,475	(3,636)	2,839		5,556	(4,885)	671

## 12 Financing and investments

2015/16			Financing and investments	Notes	2016/17		
Gross spending £ 000	Income £ 000	Net spending £ 000			Gross spending £ 000	Income £ 000	Net spending £ 000
-	(702)	(702)	Interest and investment income	16	-	(729)	(729)
2	-	2	Interest we have to pay	16	-	-	-
19	-	19	Interest on finance leases	16	10	-	10
2,913	-	2,913	Pension interest and remeasurement of the liabilities of the pension fund	33	3,110	-	3,110
-	(7,456)	(7,456)	Revaluation of investment properties		-	(885)	(885)
307	(3,849)	(3,542)	Investment properties	25	334	(4,675)	(4,341)
3,241	(12,007)	(8,766)			3,454	(6,289)	(2,835)

## 13 Taxation and non-specific grants

2015/16			Taxation & general grants	2016/17		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
-	(2,336)	(2,336)	Revenue support grant	-	(1,359)	(1,359)
-	(29,032)	(29,032)	National non-domestic rates	-	(32,662)	(32,662)
28,072	(588)	27,484	Government tariff, s31 grant, levy and safety net on non-domestic rates	29,240	(761)	28,479
-	(13,022)	(13,022)	Demand on the collection fund	-	(13,624)	(13,624)
-	(9,649)	(9,649)	Capital grants, New homes bonus, Council Tax freeze grant, contributions from the Business rates pool and other contributions	-	(9,434)	(9,434)
28,072	(54,627)	(26,555)	<b>Total recharged services</b>	29,240	(57,840)	(28,600)

## **14 Movements on our assets**

Independent external valuers are used to revalue our properties and we will review a proportion of our assets every year. The valuations for 2016/17 were undertaken by Wilkes Head and Eve on 31<sup>st</sup> December 2016.

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 Property Services Manager (Mr. A Large FRICS) reviews our property assets every year. We only change these valuations if we think there is a big change in the asset's value.

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### **Accounting policies**

#### Assets held for sale

*Any asset the Council thinks it can sell in its existing condition, is actively trying to sell, and will sell should be classified as 'held for sale'. We will record it as a surplus asset if that sale is likely to take longer than 12 months and it is no longer being used to deliver services, otherwise we will record it as a current asset – asset held for sale.*

*We revalue assets that we transferred into 'held for sale' before reclassifying them, based on their current use. If this amount is lower than the sale proceeds we expect, we revalue the asset again to a lower sale price. We charge this cost to Other Operating Expenditure in the Surplus or Deficit on the Provision of Services. It is reversed out before affecting council tax.*

*We do not charge depreciation on assets held for sale.*

*Once an asset is sold, we charge any gain or loss over the amount the Council has recorded in its accounts to the Surplus or Deficit on the Provision of Services. It is reversed out before affecting council tax.*

#### 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. The charge covers the estimated loss in value over time of the assets that each service has used (depreciation), spread out over the asset's life. The depreciation (or amortisation for intangible assets) is calculated on a straight-line basis, which means that for every year the Council estimates it will use an asset, the service is charged the same amount each year.*

*We make some capital payments that do not create a physical asset. Examples include improving items we do not own, such as roads, and paying grants to help people improve their*

homes. We charge these payments to the Comprehensive income and expenditure statement in the year we make the payment, but fund them from capital resources.

### Intangible assets

An intangible asset is created when we make a payment for something that we expect to benefit from for more than one year, but no physical asset is created (for example, computer software licences).

The asset is recorded at cost in the Council's accounts and is depreciated annually based on its estimated life. The assets are reviewed for impairment annually and if found to be less productive, we charge losses to the service using it. The cost is reversed out before affecting council tax.

The useful lives of our intangible assets are finite; we normally expect to use them up over 3-10 years, depending on the type of software. Our main IT systems, are expected to last up to 10 years from new. Other systems, such as website software, have shorter lives.

We charge the intangible assets to the computer service, and then recharge them across all service headings, so we do not show this charge in one place in the accounts.

All our intangible assets have been bought. We have not made any of them. There have been no impairments or revaluations.

### 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.
- Infrastructure such as bridges and roads 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.
- Other assets such as land and buildings are valued at fair value, this being what they could be sold for in their existing use.

Assets are valued at fair value and we will revalue high value items every year and around one fifth of our assets every year until the end of five years when we will have revalued all our land and buildings. However, if there is 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.

*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 10-66 years*
- Vehicles and equipment 3-20 years*
- Intangible assets 3-15 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.*

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<b>PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)</b>	<b>Other land and buildings</b>	<b>Vehicles and equipment</b>	<b>Infra-structure</b>	<b>Community assets</b>	<b>Assets being built</b>	<b>Surplus assets</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Net book value on 1 April 2015 (after depreciation)	120,142	7,977	32	4,862	227	1,401	134,641
Total book value on 1 April 2015	121,541	16,087	32	4,862	227	1,402	144,151
Assets we have transferred	1,025	104	-	151	(1,171)	-	109
Assets we have bought or improved	1,001	1,660	-	-	1,315	-	3,976
Assets that were donated	-	-	-	-	-	-	-
Adjustment to accruals for assets we bought	-	-	-	-	-	-	-
Assets we have sold	(1,489)	(1,121)	-	-	-	-	(2,610)
Assets no longer required	-	-	-	-	-	-	-
Assets we have impaired	-	-	-	-	-	-	-
Assets revalued through the cost of provision of services	229	-	(32)	-	(1)	-	196
Assets revalued through the revaluation reserve	4,736	-	-	366	-	-	5,102
Total book value on 31 March 2016	127,043	16,730	-	5,379	370	1,402	150,924
Depreciation and impairment on 1 April 2015	1,399	8,110	-	-	-	1	9,510
Assets we have transferred	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-
Amounts written out on assets we have sold	(28)	(1,057)	-	-	-	-	(1,085)
Impairments recognised in the cost of provision of services	-	-	-	-	-	-	-
Impairments recognised in the revaluation reserve	-	-	-	-	-	-	-
Depreciation written out to the cost of services	(1,200)	-	-	-	-	-	(1,200)
Depreciation written out to the revaluation reserve	(1,244)	-	-	-	-	-	(1,244)
Depreciation for the year	1,755	1,654	-	-	-	3	3,412
Depreciation on 31 March 2016	682	8,707	-	-	-	4	9,393
Net book value on 31 March 2016 (after depreciation)	126,361	8,023	-	5,379	370	1,398	141,531

<b>PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT ASSETS)</b>	<b>Other land and buildings £ 000</b>	<b>Vehicles and equipment £ 000</b>	<b>Infra-structure £ 000</b>	<b>Community assets £ 000</b>	<b>Assets being built £ 000</b>	<b>Surplus assets £ 000</b>	<b>Total £ 000</b>
Net book value on 1 April 2016 (after depreciation)	126,361	8,023	-	5,379	370	1,398	141,531
Total book value on 1 April 2016	127,043	16,730	-	5,379	370	1,402	150,924
Assets we have transferred	1,253	137		(534)	(856)		-
Assets we have bought or improved	909	1,193			2,252		4,354
Assets that were donated							-
Adjustment to accruals for assets we bought							-
Assets we have sold or disposed of	(632)	(114)					(746)
Assets no longer required		(1,243)					(1,243)
Assets we have impaired							-
Assets revalued through the cost of provision of services	238						238
Assets revalued through the revaluation reserve	8,911					21	8,932
Total book value on 31 March 2017	137,722	16,703	-	4,845	1,766	1,423	162,459
Depreciation on 1 April 2016	682	8,707	-	-	-	4	9,393
Assets we have transferred							-
Revaluation adjustment							-
Amounts written out on assets we have disposed of		(1,339)					(1,339)
Impairments recognised in the cost of provision of services							-
Impairments recognised in the revaluation reserve							-
Depreciation written out to the cost of services	(522)					(7)	(529)
Depreciation written out to the revaluation reserve	(1,458)					4	(1,454)
Depreciation for the year	1,908	1,653					3,561
Depreciation on 31 March 2017	610	9,021	-	-	-	1	9,632
Net book value on 31 March 2017 (after depreciation)	137,112	7,682	-	4,845	1,766	1,422	152,827

<b>FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT</b>	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	770	16,703	-	4,362	1,766		23,601
Carrying fair value at:							
31 March 2017 (valuation date 31/12/2016)	120,861	-	-	-	-	1,357	122,218
31 March 2016 (valuation date 31/12/2015)	10,342	-	-	262	-	66	10,670
31 March 2015 (valuation date 31/03/2015)	2,529	-	-	221	-		2,750
31 March 2014 (valuation date 1/04/2013)	3,220	-	-	-	-		3,220
31 March 2013 (valuation date 1/04/2012)		-	-	-	-		-
<b>Total</b>	<b>137,722</b>	<b>16,703</b>	<b>-</b>	<b>4,845</b>	<b>1,766</b>	<b>1,423</b>	<b>162,459</b>

The Council has not suffered any material impairment losses on its assets in 2016/17.

<b>INVESTMENT PROPERTIES (NON-CURRENT ASSETS)</b>	Assets being built	Assets	2015/16
	£ 000	£ 000	£ 000
Balance on 1 April	-	59,256	59,256
Additions			
Properties we bought	-	1,550	1,550
Properties we built	-	-	-
Properties we improved	-	202	202
Disposals	-	-	-
Net gain or (loss) from fair value adjustments	-	7,456	7,456
Transfers (to) or from	-	-	-
Stocks	-	-	-
Property, plant and equipment	-	(109)	(109)
Other changes	-	-	-
<b>Balance on 31 March</b>	<b>-</b>	<b>68,355</b>	<b>68,355</b>

Assets being built	Assets	2016/17
£ 000	£ 000	£ 000
-	68,355	68,355
40	-	40
-	-	-
-	2,785	2,785
-	(2,775)	(2,775)
-	885	885
-	-	-
-	-	-
-	-	-
<b>40</b>	<b>69,250</b>	<b>69,290</b>

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

	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 2017 £ 000
<b>Recurring fair value measurements using:</b>				
Commercial Site	-	12,948	-	12,948
Development site	-	5,179	-	5,179
Pending Sale	-	-	-	-
Residential (market rental) properties	-	721	-	721
Retail Sites	-	50,402	-	50,402
<b>Balance on 31 March</b>	-	69,250	-	69,250

<b>ASSETS HELD FOR SALE</b>	<b>Current assets</b>	
	<b>2015/16</b>	<b>2016/17</b>
	<b>£ 000</b>	<b>£ 000</b>
Balance on 1 April	-	-
Assets moved to/from this heading from		
Property, plant and equipment	-	-
Intangible assets	-	-
Other categories	-	-
Revaluation losses	-	-
Revaluation gains	-	-
Impairment losses	-	-
Assets moved from this heading to		
Property, plant and equipment	-	-
Intangible assets	-	-
Other categories	-	-
Assets sold	-	-
Transfers from non-current to current category	-	-
Other	-	-
<b>Balance on 31 March</b>	<b>-</b>	<b>-</b>

<b>INTANGIBLE ASSETS (NON-CURRENT ASSETS)</b>	<----- 2015/16 ----->		
	Software licences	Work in progress	Total
	£ 000	£ 000	£ 000
Net book value on 1 April (after amortisation)	881	42	923
Total book value on 1 April	3,550	42	3,592
Assets we have transferred	62	(62)	-
Assets we have bought or improved	68	56	124
Assets that were developed internally	-	-	-
Adjustment to accruals for assets we bought	-	-	-
Assets no longer required	-	-	-
Assets we have impaired	-	-	-
Assets revalued through the cost of provision of services	-	-	-
Assets revalued through the revaluation reserve	-	-	-
<b>Total book value on 31 March</b>	<b>3,680</b>	<b>36</b>	<b>3,716</b>
Amortisation on 1 April	2,669	-	2,669
Assets we have transferred	-	-	-
Amounts written out on assets we have finished with	-	-	-
Impairments recognised in the cost of provision of services	-	-	-
Impairments recognised in the revaluation reserve	-	-	-
Impairments reversed in the cost of provision of services	-	-	-
Impairments reversed in the revaluation reserve	-	-	-
Amortisation for the year	250	-	250
Amortisation on 31 March	2,919	-	2,919
<b>Net book value on 31 March (after amortisation)</b>	<b>761</b>	<b>36</b>	<b>797</b>

<----- 2016/17 ----->		
Software licences	Work in progress	Total
£ 000	£ 000	£ 000
761	36	797
<b>3,680</b>	<b>36</b>	<b>3,716</b>
56	(56)	-
95	20	115
-	-	-
(4)	-	(4)
(317)	-	(317)
-	-	-
-	-	-
-	-	-
<b>3,510</b>	<b>-</b>	<b>3,510</b>
2,919	-	2,919
-	-	-
(307)	-	(307)
-	-	-
-	-	-
-	-	-
245	-	245
<b>2,857</b>	<b>-</b>	<b>2,857</b>
<b>653</b>	<b>-</b>	<b>653</b>

## Funding our capital expenditure

We do not need to borrow to fund our capital spending, and we own all the assets in the Balance sheet. However, we have some finance leases.

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. If we finance this expenditure in future years, the expenditure results in an increased charge to the capital financing requirement, which is analysed in the second part of the note.

<b>CAPITAL EXPENDITURE AND CAPITAL FINANCING</b>	2015/16	2016/17
	£ 000	£ 000
	Opening capital finance requirement at 1 April	631
Expenditure on		
Property plant and equipment	3,974	4,355
Investment properties	1,752	2,825
Intangible assets	126	111
Revenue expenditure funded from capital under statute and Renovation Loans	2,128	3,668
Less sources of finance		
Capital receipts	(4,433)	(6,355)
Government grants and other contributions	(2,366)	(4,140)
Revenue funding	(1,182)	(463)
MRP	(226)	(228)
Capital financing requirement at 31 March	404	177

## 15 Heritage assets

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### **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 shows its heritage assets in the accounts 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 intangible assets

These are like heritage assets but there is no physical substance. An example would be a recording of an historical event. We do not have any heritage intangible assets of significant financial value.

### 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	Natural History taxidermy, botanical and geological specimens	Pottery, drinking glasses and pewter	Social, agricultural & industrial history, including costume	Statues	Mayor's Office	Works of Art	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
1st April 2015	212	211	447	1,000	448	133	994	3,445
Additions								-
Disposals	(9)							(9)
Revaluations	5	4	9	21	10	3	20	72
Impairments -Losses/reversals in revaluation reserve								-
Impairments -Losses/reversals in Surplus or Deficit on the provision of services								-
Depreciation								-
<b>31 March 2016</b>	<b>208</b>	<b>215</b>	<b>456</b>	<b>1,021</b>	<b>458</b>	<b>136</b>	<b>1,014</b>	<b>3,508</b>
Additions								-
Disposals	-							-
Revaluations	4	4	9	33	9	3	20	82
Impairments -Losses/reversals in revaluation reserve								-
Impairments -Losses/reversals in Surplus or Deficit on the provision of services								-
Depreciation								-
<b>31 March 2017</b>	<b>212</b>	<b>219</b>	<b>465</b>	<b>1,054</b>	<b>467</b>	<b>139</b>	<b>1,034</b>	<b>3,590</b>

### **Commentary on movements**

The movement on heritage assets reflects the fact that no material purchases or donations were made in 2014/15, 2015/16 or 2016/17. The revaluations reflect the obtaining of new valuations for Toys and some Medals at the Museum and indexing them in line with insurance estimates of other heritage assets.

### **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.

Heritage Assets	2015/16	2016/17
Summary of Movements	£000s	£000s
Cost Acquisitions of Heritage Assets	-	-
Donations of Heritage Assets	-	-
Disposals of Heritage Assets	(9)	-
Impairments of Heritage Assets	-	-

## 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 or building societies. We have to show their value on the balance sheet, including interest yet to be paid to the Council. Any interest received or due on the balance sheet is shown in the Comprehensive income and expenditure statement. These types of investment are called loans and receivables.
- We also invest some money in Investment Funds. If the investment funds have a quoted market price and/or do not have fixed rate of return, then the Council accounts for them as available for sale or otherwise they would be loans and receivables.
- The income from the available for sale investments is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable.

- If the value of an available for sale asset changes from the price that it was originally invested at then the balance sheet shows the investment at the new value. The difference being the gain or loss is charged to Available for Sale Asset Reserve. The gain or loss is only chargeable to the Comprehensive Income and Expenditure Statement when the investment is sold.
- If we make loans at below-market rates of interest, or with no interest at all, we show the outstanding balance on the loan as less than the amount that will actually be repaid. This reduction is the loss we are effectively making, as we are charging an interest rate on the loan that is less than the current open-market interest rate. We charge the loss in the loan's value to the Comprehensive income and expenditure statement, but we then take it out again and charge it to the Financial instruments adjustment account, so that there is no charge to council tax payers.
- All our borrowing is shown including any interest owed to the Council.
- Where an asset's value is impaired, we charge the asset's loss in value to the Comprehensive income and expenditure statement straight away.

2015/16 £ 000	<b>SHORT-TERM</b>	2016/17 £ 000
	<b>Loans and receivables</b>	
33,277	Short-term investments	40,664
14,255	Cash equivalents	23,709
67	Cash	67
10,108	Receivables	13,511
<b>57,707</b>		<b>77,951</b>
	<b>Other financial liabilities</b>	
(5,809)	Trade payables	(5,616)
(520)	Cash overdrawn	(586)
<b>(6,329)</b>		<b>(6,202)</b>

2015/16 £ 000	<b>LONG-TERM</b>	2016/17 £ 000
	<b>Loans and receivables</b>	
-	Loans and receivables	-
8	Mortgages	4
3,676	Other long-term debtors	1,928
6,420	Long-term investments	6,280
10,104		8,212
	<b>Other financial liabilities</b>	
-	Long-term borrowing	-
(1,959)	Long-term creditors	(766)
(1,959)		(766)

2015/16					Financial Assets & Liabilities	2016/17				
Financial liabilities	Financial assets					Financial liabilities	Financial assets			
Liabilities at amortised cost	Financial loans and receivables	Available for sale assets	Assets and liabilities at fair value through profit and loss	Total		Liabilities at amortised cost	Financial loans and receivables	Available for sale assets	Assets and liabilities at fair value through profit and loss	Total
£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
21	-	-	-	-	Interest paid (note 12)	10	-	-	-	-
-	-	-	-	-	Losses on derecognition	-	-	-	-	-
-	-	-	-	-	Reductions in fair value	-	-	-	-	-
-	-	-	-	-	Impairment losses	-	-	-	-	-
-	-	-	-	-	Fees paid	-	-	-	-	-
21	-	-	-	-	Net cost of services - total cost	10	-	-	-	-
-	(702)	-	-	(702)	Interest received (note 12)	-	(729)	-	-	(729)
-	-	-	-	-	Gains on derecognition	-	-	-	-	-
-	-	-	-	-	Increases in fair value	-	-	-	-	-
-	-	-	-	-	Interest accrued on impaired assets	-	-	-	-	-
-	-	-	-	-	Fees received	-	-	-	-	-
-	(702)	-	-	(702)	Net cost of services - total income	-	(729)	-	-	(729)
-	-	(364)	-	(364)	Gains on revaluation	-	-	-	-	-
-	-	-	-	-	Losses on revaluation	-	-	135	-	135
-	-	-	-	-	Amounts recycled to cost of services after impairment	-	-	-	-	-
-	-	(364)	-	(364)	(Surplus) or deficit on revaluation of financial assets in other comprehensive income and expenditure	-	-	135	-	135
21	(702)	(364)	-	(1,066)	Net (gain) or loss for the year	10	(729)	135	-	(594)

## Fair value

The fair value is calculated by comparing investments made at the year end to the interest rates available on 31 March 2017 for new investments that would end at the same time as those actually made. The difference in value is because the Council's investments were made at higher interest rates than would be available at the year end.

Fair Value	1 April 2015		31 March 2016		31 March 2017	
	Amortised	Fair value	Amortised	Fair value	Amortised	Fair value
	cost £ 000	£ 000	cost £ 000	£ 000	cost £ 000	£ 000
<b>Financial assets</b>						
Investments and cash equivalents	47,766	47,766	53,791	53,880	70,740	70,846
Cash	72	72	67	67	67	67
Leasing debtor	-	-	-	-	-	-
Long-term receivables	1,021	1,021	3,677	3,677	1,928	1,928
<b>Financial liabilities</b>						
Cash	(941)	(941)	(520)	(520)	(586)	(586)
Borrowing	-	-	-	-	-	-

Following table provides a break down for the fair value input level for the financial assets.

Financial assets measured at fair value				
Recurring fair value measurements	Input level in fair value	Valuation technique to measure fair value	31st March 2016	31st March 2017
Local Authority Property Fund	Level 1	Unit Prices	6,420	6,280
Royal London Fund	Level 1	Unit Prices	4,994	4,999
			11,414	11,279

## **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 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**

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

How do we manage credit risk?

We will only invest in certain types of investment. 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 organisations. 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 2016 Council).

Investments	Minimum Credit Criteria	Max. Limit £m	Max. maturity period
NatWest /Royal Bank of Scotland.	BBB	£3m	Instant Access
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5 day notice
CCLA Local Authority Property Fund	Unrated	£8m	n/a
Debt Management Agency Deposit Facility, Governments Bills or Gilts	UK Government	No Limit	5 years
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	No Limit	5 years
UK Banks 364 days	A-	£3m each	364 days
Building Societies	A-	£3m each	364 days
Money Market Funds (per fund)	AAA	£6m each	Instant access
Enhanced Money Market Funds (Variable Unit Price) Up to 3 funds	AAA	£6m each	2-5 day notice
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	AA-	£6m	3 years
Reverse Repurchase Agreements	AA-	£6m	364 days
Supranational Bonds	AAA	£6m	3 years
Challenger Banks e.g. Aldermore, Metro etc	Unrated	Delegate to Treasury Mgt committee authority to determine criteria to invest up to £3m	

The following table sets out the risk that an organisation we invest in cannot pay any return on the investment or cannot repay the investment at all. We have based our assessment of these risks on advice from our Treasury Advisors.

Organisations or people who could owe us money (these are explained below)	Amount	Has defaulted in the past	Historical experience adjusted for market conditions	Estimated maximum exposure to default and debts that we cannot collect	
				31-Mar-17	31-Mar-16
	£ 000	%	%	£ 000	£ 000
Bonds, Gilts, Deposits with banks, Fund Managers and building societies	70,653	Nil	Nil	Nil	Nil
Debtors (excluding prepayments)	13,511	17.60%	12.26%	1,656	1,551
Long-term debtors, former right-to-buy mortgages and other loans	2,159	18.49%	10.61%	229	222
				<b>1,885</b>	<b>1,773</b>

Debtors are our customers and taxpayers. In the past, some customers and taxpayers have failed to pay us money they owe us, so credit risk applies to them both. The level of past default is based on our provision for bad debts from our customers and taxpayers over the last five years. We have adjusted this to reflect the number of customers and taxpayers 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).

2015/16	Age of debt	2016/17
£ 000		£ 000
6,512	Less than three months	9,508
585	Three to six months	436
617	Six months to a year	834
2,394	More than a year	2,733
<b>10,108</b>		<b>13,511</b>

Long-term debtors are loans to people for right-to-buy mortgages (a scheme to help council tenants buy their homes), to organisations, and in respect of Community Infrastructure levy receipts due. The former loans are secured on property. We monitor repayment of all debts rigorously.

## Liquidity risk

This is the risk that we don't have enough cash in our bank accounts to pay our bills or staff. There is no great risk of this as we have access to borrowing from other local authorities and the money markets. We have no long-term borrowings and we do not think we will need any in the near future.

2015/16 £ 000	<b>Financial assets returned to the Council in</b>	2016/17 £ 000
14,255	Less than three months, including cash	44,338
3,511	Three to six months	8,022
29,766	Six months to a year	12,013
6,420	More than a year	6,280
<b>53,952</b>		<b>70,653</b>

## Market risk

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 make more of fixed rates when interest rates are falling and more of variable rates when interest rates are rising.

As our investments are in bank 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 2016/17. The effect of a 1% increase in interest rates would have resulted in an extra income of £704,000 (or £157,000 just on variable rate investments). If interest rates had fallen by 1%, the loss of interest would have been the same amount.

## 17 Major commitments under capital contracts

On the 31st March 2017, we were legally committed to the following schemes:-

Improved Car Parking Hylands' Estate and Park, £0.5m  
Beaulieu Park Station Contribution, £0.6m

We have also agreed in principal to contribute to the following schemes, although none of the following are legally committed:-

Acquisition of Land, £5m  
Museum Extension, £2m  
Homelessness Initiatives, £2.7m  
Improvements to Mill Yard, £3.1m  
Flood Alleviation Scheme Contribution, £4.9m  
Riverside Sports Centre Redevelopment, £20.2m.

## 18 Debtors

### Accounting Policy

We reduce debtors for known uncollectable debts first, and then make a further reduction for other debts that we may not be able to collect.

2015/16 £ 000	Debtors	2016/17 £ 000
2,195	Government departments ***	723
4,227	Other local authorities ***	2,831
12,525	Other organisations and individuals	15,555
(2,033)	Debts we may not be able to collect	(2,127)
16,914		16,982

\*\*\* 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 three months and where the amount we will receive is not subject to any material change in value. Cash and cash equivalents are shown net of bank overdrafts in the Cash flow statement.

2015/16 £ 000	Cash & cash equivalents	2016/17 £ 000
67	Cash held by officers	67
(520)	Bank current accounts	(586)
14,255	Cash equivalents (short-term deposits)	23,709
13,802		23,190

**20 Creditors**

2015/16	<b>Creditors</b>	2016/17
£ 000		£ 000
1,490	Government departments ***	9,034
3,297	Other local authorities ***	5,501
6,940	Sundry creditors	6,261
1,262	Receipts in advance	1,264
<b>12,989</b>		<b>22,060</b>

\*\*\* 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 2015	4,426
Transfers in	1,417
Transfers out	-
Balance at 31 March 2016	5,843
Transfers in	-
Transfers out	(1,528)
Balance at 31 March 2017	4,315
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	Capital adjustment account	Deferred capital receipts	Financial instruments adjustment account	Available for sale financial instruments reserve	Collection fund adjustment account	Unequal pay backpay account	Pension reserve (note 33)	Accumulating compensated absences adjustment account	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Balance at 1 April 2015	52,839	145,612	12	-	1,057	(5,591)	-	(92,701)	(446)	100,782
Change on the reserve during the year	5,849	10,340	(4)	-	357	712	-	2,140	(21)	19,373
Balance at 31 March 2016	58,688	155,952	8	-	1,414	(4,879)	-	(90,561)	(467)	120,155
Change on the reserve during the year	9,791	2,763	(4)	-	(135)	6,609	-	(29,848)	37	(10,787)
Balance at 31 March 2017	68,479	158,715	4	-	1,279	1,730	-	(120,409)	(430)	109,368
Explanation	The gains on revaluing our assets since 1 April 2007	Capital spending to be financed from future resources	The debt we are owed on our mortgage advances	The notional loss on loans made at subsidised interest rates	The difference between what we paid for our investments and what they are valued at	Adjusting for paid and accrued council tax and NNDR	The timing differences between us paying back pay and when we charge it to council tax	Our liability to pay future pensions	The value of the leave that our employees have not taken at the end of the year	

**Revaluation reserve**

2015/16 £ 000	<b>Revaluation Reserve</b>	2016/17 £ 000
52,839	Opening balance	58,688
6,427	Revaluation of assets	10,479
-	Impairment losses	-
-	Write-out of revaluations of assets we have	-
(578)	Difference between fair value and historic	(688)
-	Depreciation and amortisation chargeable to the revaluation reserve	-
<b>58,688</b>		<b>68,479</b>

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

**Capital adjustment account**

2015/16 £ 000	<b>Capital Adjustment Account</b>	2016/17 £ 000
145,612	Opening balance	155,952
(3,744)	Allowance for depreciation and amortisation	(3,810)
578	Less depreciation and amortisation charged to the revaluation reserve	688
(2,069)	Revenue expenditure funded from capital	(3,450)
1,459	Impairments and amortisation charged to revenue	761
-	Transfer from revaluation reserve on disposals	-
228	Adjustment plus MRP split on final	228
(16)	Repaid Capital loan receipts	(61)
7,980	Application of receipts and contributions	10,958
(1,532)	Assets disposed of	(3,436)
7,456	Movements in the value of investment	885
-	Movements in the value of donated assets in the CI&ES	-
<b>155,952</b>		<b>158,715</b>

**23 Cashflow**

2015/16 £ 000	<b>I&amp;E to cash flow</b>	2016/17 £ 000
	<b>Revenue shortfall or (surplus)</b>	
4,153	Movement on the General fund	258
(80)	Provision for bad debts	(95)
2,069	Revenue funded by capital under statute	3,450
(226)	Minimum revenue provision	(228)
(981)	Asset replacement reserve	(372)
3	Housing Capital Receipts pool	3
(41)	Commuted sums	-
(5,431)	GF contribution to reserves	11
(534)		3,027
(712)	Our part of the collection fund	(6,609)
(1,246)		(3,582)
	<b>Non-cash transactions</b>	
(1,396)	Transfers to reserves	1,491
(146)	Net throughput on the collection fund	10,784
(1,542)		12,275
	<b>Change in</b>	
23	Stock	39
1,118	Debtors	(1,358)
(2,627)	Creditors	(9,071)
(1,486)		(10,390)
(4,274)	Net cash (inflow) or outflow from revenue activities	(1,697)

## 24 Expenditure and Income analysed by nature

The following table shows how we spent money on our services.

2015/16 (Restated) £ 000	<b>Expenditure and Income Analysed by Nature</b>	2016/17 £ 000
	<b>Expenditure</b>	
30,872	Employee benefits expenses	31,672
20,264	Other services expenses	20,879
3,968	Depreciation, amortisation, impairment	6,633
21	Interest payments	10
2,245	Precepts and levies	2,275
3	Payments to Housing Capital Receipts Pool	3
2,913	Pension interest and return on investment	3,110
(7,137)	Remeasurement of the assets of the pension fund	24,892
(13,128)	Gain or loss on the disposal of Assets	(13,047)
40,021	<b>Total Expenditure</b>	<b>76,427</b>
	<b>Income</b>	
(27,540)	Fees, charges and other services income	(30,616)
(702)	Interest and investment income	(729)
(13,022)	Income from Council Tax	(13,624)
(13,462)	Government grants and other contributions	(15,086)
(6,999)	Capital Grants and contributions	(7,083)
(61,725)	<b>Total Income</b>	<b>(67,138)</b>
(21,704)	<b>(Suprlus) or Deficit on the Provision of Services</b>	<b>9,289</b>

## 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.

2015/16			Trading accounts not shown in Spending on current services	2016/17		
Gross spending £ 000	Income £ 000	Net spending £ 000		Gross spending £ 000	Income £ 000	Net spending £ 000
			<b>Other operating expenditure</b>			
2,471	(2,583)	(112)	Grounds maintenance	2,773	(2,639)	134
372	(424)	(52)	Vehicle maintenance	380	(438)	(58)
2,843	(3,007)	(164)		3,153	(3,077)	76
			<b>Financing and investment</b>			
307	(3,849)	(3,542)	Investment properties	334	(4,675)	(4,341)
307	(3,849)	(3,542)		334	(4,675)	(4,341)
3,150	(6,856)	(3,706)	<b>Total trading activity</b>	3,487	(7,752)	(4,265)

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.

2015/16		Revenue expenditure	2016/17	
SEPP £ 000	Chelmsford £ 000		SEPP £ 000	Chelmsford £ 000
1,912	506	Expenditure	1,855	530
(2,158)	(744)	Income	(2,258)	(844)
(246)	(238)	<b>Net position shown as a creditor</b>	(403)	(314)

## 27 Councillors' allowances

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

2015/16	<b>Councillors allowances</b>	2016/17
£ 000		£ 000
318	Basic allowance	325
140	Special responsibility allowance	167
6	Other expenses	5
16	Mayor and Deputy Mayor allowance	11
480	<b>Total we paid in the year</b>	508

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

## 28 Employee pay

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### **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.*

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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	
	2015/16	2016/17	2015/16	2016/17
<b>£50,000–54,999</b>	18	13	1	2
<b>£55,000–59,999</b>	1	7	-	1
<b>£60,000–64,999</b>	5	3	1	1
<b>£65,000–69,999</b>	4	3	1	-
<b>£70,000–74,999</b>	-	1	-	-
<b>£75,000–79,999</b>	-	1	-	-
<b>£80,000-84,999</b>	1	-	1	-
<b>£85,000-89,999</b>	1	-	1	-
<b>£90,000-94,999</b>	-	-	-	-
<b>£95,000 – 99,999</b>	-	-	-	-
<b>£100,000 - 104,999</b>	1	-	1	-
<b>£105,000 – 109,999</b>	-	-	-	-
<b>£110,000 - 114,999</b>	1	-	1	-
<b>£140,000 - 144,999</b>	1	-	1	-

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.

<b>Chief officers</b>	Salary, fees and allowances	Bonuses	Expense allowances	Compensation for loss of employment	Benefits in kind	Employer pension contributions ****	<b>TOTAL</b>
<b>2015/16</b>	£	£	£	£	£	£	£
Chief Executive (Mr S Packham)	133,089				1,727	17,637	152,453
Directors of:							
Corporate Services	119,459				1,727	15,947	137,133
Financial Services	113,293				7,899	15,947	137,139
Public Places	117,751				1,382	16,021	135,154
Community Services	113,469				4,386	15,947	133,802
Sustainable Communities	84,825				9,151	11,960	105,936

<b>Chief officers</b>	Salary, fees and allowances	Bonuses	Expense allowances	Compensation for loss of employment	Benefits in kind ***	Employer pension contributions ****	TOTAL
<b>2016/17</b>	£	£	£	£	£	£	£
Chief Executive (Mr S Packham)	135,739				2,034	17,972	155,745
Directors of:							
Corporate Services	121,874				2,034	16,250	140,158
Financial Services	115,748				8,786	16,250	140,784
Public Places	120,146				1,627	15,938	137,711
Community Services	116,027				5,093	16,250	137,370
Sustainable Communities	86,710				10,252	12,187	109,149

The Chief Executive post is part-time (75% of a full-time equivalent). The full-time cost of the post was £204,224.

The Director of Sustainable Communities post is part-time (75% of a full-time equivalent). The full-time cost of the post was £142,024.

\*\*\* 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.

2015/16 £ 000	<b>Termination benefits</b>	2016/17 £ 000
	Termination benefits	
519	Redundancy costs	367
42	Additional pension costs	31
561	<b>Total spending</b>	<b>398</b>
	No of employees whose employment was terminated	
17		22

2015/16		Exit packages	2016/17	
Leavers Number	Cost £ 000		Leavers Number	Cost £ 000
12	115	£0 - £20,000	18	178
8	334	£20,001 - £60,000	9	283
2	157	£60,001 - £200,000	-	-
22	606	<b>Total</b>	27	461

We made two employees compulsorily redundant in 2016/17, and ten 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.

2015/16	External audit costs	2016/17
£ 000		£ 000
	Fees we paid to the auditor	
78	Basic audit	81
-	Other Audit Services	-
78	<b>Total we paid in the year</b>	81

## 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.

2015/16		2016/17
£ 000	<b>Grants and contributions</b>	£ 000
46,556	Housing benefits grants	44,911
2,364	Other grants and contributions	2,925
48,920		47,836

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.

2015/16		2016/17
£ 000	<b>Donated assets</b>	£ 000
-	Opening balance	-
-	Additional contributions	-
-	Donations where conditions have been met	-
-		-

2015/16		2016/17
£ 000	<b>Capital grants received in advance</b>	£ 000
3,077	Opening balance	3,497
420	In-year movements	709
3,497		4,206

### **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 2016/17 we paid from the Chelmsford Development fund £450 to Little Baddow Parish Council and £2,350.20 to Good Easter Parish Council.

We give grants 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), £120,000  
Chelmsford Council for Voluntary Services (CVS), £54,200  
Chelmsford YMCA, £20,000  
Essex Savers Net Credit Union, £10,000

During 2016/17 we paid Event Sound and Light Limited £56,654.32 a Member's son is a partner in this company, and we paid Colchester Arts Centre £85,527.09 a Chief Officer is a Trustee.

In addition, the following groups paid us rents: Chelmsford CAB £26,900 and Chelmsford CVS £10,540.

**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, being interest and 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 then is 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.

We have acquired a number of assets under finance leases. These are included in property, plant and equipment in the Balance sheet at the following amounts.

2015/16 £ 000	<b>Finance Leases Payable</b>	2016/17 £ 000
299	Other land and buildings	-
369	Vehicles and plant	184
668		184

We must make payments under the leases and these include settling the long-term liability under the lease and financing costs payable while the liability is outstanding. The lease payments are made up of the following amounts.

2015/16 £ 000	<b>Leases</b>	2016/17 £ 000
	Net present value of lease payments	
228	Current	-
-	Non-current	-
10	Financing costs payable in future years	-
238	Lease payments	-

The lease rentals payable and lease liabilities over future years are shown in the table below.

2015/16		<b>Lease Rentals Payable and Liabilities</b>	2016/17	
Lease payments £ 000	Lease liabilities £ 000		Lease payments £ 000	Lease liabilities £ 000
238	228	Lease payments due in less than a year	-	-
-	-	Lease payments due from 1 to 5 years	-	-
-	-	Lease payments due in more than 5 years	-	-
238	228	Lease payments	-	-

We also lease vehicles and equipment under operating leases. These assets are not included in the Balance sheet. The lease rentals payable over future years are shown in the table below.

2015/16 £ 000	<b>Operational Leases Rentals Payable</b>	2016/17 £ 000
78	Lease payments due in less than a year	297
146	Lease payments due from 1 to 5 years	813
-	Lease payments due in more than 5 years	54
224		1,164

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).

2015/16 £ 000	<b>Operational Leases Income</b>	2016/17 £ 000
355	Lease payments due in less than a year	299
217	Lease payments due from 1 to 5 years	239
3,398	Lease payments due in more than 5 years	3,710
3,970		4,248

Our spending on current services in the Comprehensive income and expenditure account includes the following lease payments.

2015/16	<b>Lease Payments for Current Services</b>	2016/17
£ 000		£ 000
519	Operating lease payment made	320
519		320

### 33 Pensions

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#### **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. 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.*

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

2015/16 £ 000	<b>Charges to the Comprehensive income and expenditure account</b>	2016/17 £ 000
	Spending on services	
	Service cost	
5,315	Current service cost	5,066
102	Previous service cost	126
-	(Gain)/loss from settlements	(29)
71	Administration expenses	61
	Other spending	
2,913	Net interest on the defined liability	3,110
8,401	Charge to the spending on current services in the comprehensive income and expenditure statement	8,334
	Other charges	
(8,293)	Remeasurement of the pension liability	47,900
1,156	Return on scheme assets (excluding interest)	(23,008)
(7,137)	Other charges to the comprehensive income and expenditure statement	24,892
1,264	Total charges to the comprehensive income and expenditure statement	33,226
3,404	Employer's contributions charged to the General fund	3,378

In addition to the gains and losses we have included in the Comprehensive income and expenditure statement, we have included a remeasurement loss identified by the actuaries of £24.9m in 2016/17 (a Surplus of £7.1m in 2015/16).

31 March 2016 £ 000	<b>Movements on pension fund assets and liabilities</b>	31 March 2017 £ 000
	<b>Scheme liabilities</b>	
237,842	Value at 1 April	235,624
5,315	Current service cost	5,066
1,289	Member contributions	1,296
7,503	Interest costs	8,124
	Remeasurement	
-	Scheme members	-
(8,293)	Financial returns	48,386
102	Past service (gains) or costs	126
(8,134)	Benefits paid	(8,262)
-	Liabilities extinguished on settlements	(93)
235,624	Value at 31 March	290,267
	<b>Scheme assets</b>	
145,141	Value at 1 April	145,063
4,590	Interest	5,014
	Remeasurement	
(1,156)	Return on assets (excluding interest)	23,008
-	Other	486
-	Changes in foreign exchange rates	-
(71)	Administration expenses	(61)
3,404	Employer contributions	3,378
1,289	Employee contributions	1,296
(8,134)	Benefits paid	(8,262)
-	Settlement prices received/ (paid)	(64)
145,063	Value at 31 March	169,858
90,561	Net pension liability	120,409

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.

<b>Pension fund balances</b>	2011/12 £ 000	2012/13 £ 000	2013/14 £ 000	2014/15 £ 000	2015/16 £ 000	2016/17 £ 000
Present value of scheme liabilities	(190,907)	(212,905)	(204,878)	(237,842)	(235,624)	(290,267)
Fair value of assets	107,499	119,674	126,054	145,141	145,063	169,858
Surplus or (deficit) on the pension fund	(83,408)	(93,231)	(78,824)	(92,701)	(90,561)	(120,409)

The liabilities show our underlying long-term commitments to pay pensions. The net liability of £120.4m has a large effect on our net worth, resulting in an overall balance of £163.9m. 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 22 years. We expect to pay £7.2m 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 2016. The next full valuation will be in 2019.

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

2015/16 %		2016/17 %
<b>22.9</b>	Years we expect to pay current pensioners Men	<b>22.1</b>
<b>25.3</b>	Women	<b>24.6</b>
<b>25.2</b>	Years we expect to pay pensioners retiring in 20 years Men	<b>24.3</b>
<b>27.7</b>	Women	<b>26.9</b>
<b>3.2</b>	Rate of inflation – RPI	<b>3.6</b>
<b>2.3</b>	– CPI	<b>2.7</b>
<b>4.1</b>	Rate of increase in salaries	<b>4.2</b>
<b>2.3</b>	Rate of increase in pensions	<b>2.7</b>
<b>3.5</b>	Discount rate	<b>2.7</b>
<b>60</b>	Percentage of employees choosing to take a lump-sum payment	<b>50</b>
<b>10</b>	Percentage of employees paying a 50% contribution for 50% pension	<b>10</b>

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)	11,240	(10,808)
Rate of increase in salaries (increase or decrease by 0.1%)	682	(676)
Rate of increase in pensions, or inflation (increase or decrease by 0.1%)	4,498	(4417)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(5,088)	5,185

The weighted average duration of the pension obligation for scheme members is 18 years in 2016/17 (17 years 2015/16).

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

31 March 2016 £ 000	Scheme assets	31 March 2017 £ 000
4,712	<b>Cash and cash equivalents</b>	5,113
	<b>Stocks and shares (by type)</b>	
11,747	UK investments	13,060
78,892	Overseas investments	94,476
90,639		107,536
	<b>Bonds (by sector)</b>	
6,963	UK Corporate	6,903
4,277	UK Government	6,426
11,240		13,329
	<b>Property (by type)</b>	
6,478	Listed	10,455
10,797	Unlisted	6,070
17,275		16,525
7,541	<b>Private equity</b>	8,481
	<b>Other investment funds</b>	
4,984	Infrastructure	5,835
-	Financing fund	-
2,052	Timber	2,918
2,199	Illiquid Debt	2,918
7,206	Other Managed Funds	7,546
-	Currency	-
16,441		19,217
(2,785)	<b>Derivatives</b>	(343)
145,063		169,858

31 March 2016	<b>Stocks and Shares</b>	31 March 2017
£ 000		£ 000
	<b>Stocks and shares (by company size)</b>	
90,639	Listed	107,536
-	Unlisted	-
90,639		107,536

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 IJZ

### **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 a conflict between the Environmental Information Regulations and the Local Land Charge Fee Regulations over charging for some of the information provided in land searches. We have not yet made a final decision and do not know whether we will have to refund any of the charges we previously made. At this stage we cannot quantify any costs we may have to meet.

We have an outstanding employment case in respect of an ex-employee of the Council that may be subject to an employment tribunal hearing. We are not allowed to give the name of the person involved.

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**

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#### **Accounting Policy**

*A contingent asset 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.*

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We have six 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 received £3,482,000 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.

2015/16 £ 000	<b>Grants</b>	2016/17 £ 000
	<b>Grant received in advance</b>	
3,497	Money received as part of planning agreements	4,207
	<b>Capital grants unapplied</b>	
3,688	Money received as part of planning agreements	2,620
5,252	Growth Fund grant	5,251
-	Government grants	322
2,734	Empty Homes grant	2,757
4,515	Construction Industry Levy	7,997
44	Other	228
16,233		19,175
19,730		23,382

### 39 Long-term creditors

2015/16 £ 000	<b>Long-term Creditors</b>	2016/17 £ 000
1,654	Section 106 contributions	461
228	Leases	-
305	Property transaction creditor	305
-		-
2,187		766

### 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 were required to change the presentational format of Comprehensive Income and Expenditure statement and Movement in Reserves statement and to restate last year's figures in the new format. These changes did not result in a change to the Comprehensive Income and Expenditure total.

## 8 - Collection fund

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

2015/16			Collection Fund	Notes	2016/17		
Council Tax	Non-Domestic Rates	Total			Council Tax	Non-Domestic Rates	Total
£ 000	£ 000	£ 000			£ 000	£ 000	£ 000
(94,736)	-	(94,736)	<b>Income</b>				
			Council tax	1	(100,172)	-	(100,172)
			Transfers from the General fund				
-	-	-	Council tax benefit		-	-	-
-	(76,991)	(76,991)	Non-domestic rates	2	-	(79,261)	(79,261)
-	(108)	(108)	Transitional protection		-	170	170
(94,736)	(77,099)	(171,835)			(100,172)	(79,091)	(179,263)
			<b>Spending</b>				
			Council Tax precepts and demands				
67,793	-	67,793	Essex County Council		71,462	-	71,462
12,966	-	12,966	Chelmsford City Council		13,479	-	13,479
9,180	-	9,180	Essex Police Authority		9,618	-	9,618
4,143	-	4,143	Essex Fire Authority		4,280	-	4,280
			Non-domestic rates precepts and demands				
-	39,287	39,287	Central Government		-	38,653	38,653
-	31,429	31,429	Chelmsford City Council		-	30,922	30,922
-	7,072	7,072	Essex County Council		-	6,958	6,958
-	786	786	Essex Fire Authority		-	773	773
			Subsidy paid towards the costs of collecting				
-	222	222	National non-domestic rates		-	224	224
			Increase or (decrease) in our provision for amounts that we may not be able to collect				
95	-	95	Council tax		133	-	133
-	26	26	Non-domestic rates		-	(74)	(74)
			Amounts written off				
154	-	154	Council tax		134	-	134
-	726	726	Non-domestic rates		-	1,106	1,106
-	3,543	3,543	Provision for appeals		-	(3,819)	(3,819)
			Distribution of previous year's Council Tax surplus or (shortfall)				
1,780	-	1,780	Essex County Council		(37)	-	(37)
340	-	340	Chelmsford City Council		(7)	-	(7)
236	-	236	Essex Police Authority		(5)	-	(5)
109	-	109	Essex Fire Authority		(2)	-	(2)
			Distribution of previous year's Non-domestic rates surplus or (shortfall)				
-	(4,243)	(4,243)	Central Government		-	(5,896)	(5,896)
-	(3,394)	(3,394)	Chelmsford City Council		-	(4,716)	(4,716)
-	(764)	(764)	Essex County Council		-	(1,061)	(1,061)
-	(85)	(85)	Essex Fire Authority		-	(118)	(118)
96,796	74,605	171,401			99,055	62,952	162,007
			<b>Movements on the Collection Fund</b>				
2,060	(2,494)	(434)	(Surplus) or shortfall for the year		(1,117)	(16,139)	(17,256)
(2,448)	14,822	12,374	(Surplus) or shortfall at start of the year	3	(388)	12,328	11,940
(388)	12,328	11,940	(Surplus) or shortfall at end of the year	3	(1,505)	(3,811)	(5,316)

### 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.

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 2016/17, the council tax base was 63,236 (in 2015/16 it was 62,382). The basic amount of council tax for a property in band D was £1,563 (£1,508 in 2015/16). This is multiplied by the appropriate proportion for the particular band to give the actual amount due 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	4,473	3,662	6 / 9	2,442
B	9,888	8,316	7 / 9	6,468
C	22,214	20,208	8 / 9	17,963
D	16,329	10,637	9 / 9	10,637
E	10,072	9,493	11 / 9	11,603
F	5,461	5,249	13 / 9	7,582
G	3,704	3,541	15 / 9	5,901
H	359	320	18 / 9	640
<b>Total</b>	<b>72,500</b>	<b>61,426</b>		<b>63,236</b>

## 2 Non-domestic rates (NDR)

NDR is a national charge. The Government sets an amount for each pound of rateable value – 49.7p in 2016/17 (49.3p in 2015/16). 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 2017, our NDR income after relief totalled £79,261,000 based on the total non-domestic rateable value for our area of £186,748,106.

## 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.

2015/16			Contributions to the collection fund - surpluses and shortfalls	2016/17		
Council Tax £ 000	Non-Domestic Rates £ 000	Total £ 000		Council Tax £ 000	Non-Domestic Rates £ 000	Total £ 000
-	6,164	6,164	Central Government	-	(1,906)	(1,906)
(53)	4,931	4,878	Chelmsford City Council	(205)	(1,524)	(1,729)
(280)	1,110	830	Essex County Council	(1,088)	(343)	(1,431)
(38)	-	(38)	Essex Police Authority	(147)	-	(147)
(17)	123	106	Essex Fire Authority	(65)	(38)	(103)
(388)	12,328	11,940		(1,505)	(3,811)	(5,316)

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.

<b>Non-domestic rate appeals</b>	Share	Provision
	%	£ 000
Central Government	50	(1,909)
Chelmsford City Council	40	(1,528)
Essex County Council	9	(344)
Essex Fire Authority	1	(38)
	100	(3,819)

## **9 - Independent auditors' report**

### **Independent auditor's report to the members of Chelmsford City Council Opinion on the Authority's financial statements**

We have audited the financial statements of Chelmsford City Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement,
- Movement in Reserves Statement,
- Balance Sheet,
- Cashflow Statement,
- Collection Fund; and
- Related notes 1 to 40 for the core statements, 1 to 4 for the Collection Fund.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

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

### **Respective responsibilities of the Section 151 Officer and auditor**

As explained more fully in the Statement of the Director of Financial Services Responsibilities set out on page 24, the Director of Financial Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director Financial Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chelmsford City Council Annual Report and Statement of Accounts for the year ended

31 March 2017 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of Chelmsford City Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

### **Opinion on other matters**

In our opinion, the information given in the Chelmsford City Council Annual Report and Statement of Accounts for the year ended 31 March 2017 for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Conclusion on Chelmsford City's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### **Authority's responsibilities**

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

### **Auditor's responsibilities**

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2016, as to whether Chelmsford City Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chelmsford City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

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

### **Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects Chelmsford City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

**Certificate**

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

**Debbie Hanson, Executive Director**

for and on behalf of Ernst & Young LLP, Appointed Auditor

Luton

*The maintenance and integrity of the Chelmsford City Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.*

*Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

## 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 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 ten members of the Council (including the Leader), who 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 charges**

Spending on assets that have a lasting value, for example, land and buildings, which we do not own.

**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.

**Formula grant**

The money we receive from the Government. This includes revenue support grant and our share of National non-domestic rates.

**Green flag**

An award that recognises how good our parks are.

**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. The system of accounting for business rates changed in 2013/14.

**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 wages, 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 consolidated revenue 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.

**II - Our structure chart**



## Section 2 – Accounting statements 2016/17 for:

Enter name of reporting joint committee here:

ENTER JOINT COMMITTEE NAME  
SOUTH ESSEX PARKING PARTNERSHIP

	Year ending		Notes and guidance Please round all figures to nearest £1. Do not leave any boxes blank and report £0 or Nil balances. All figures must agree to underlying financial records.
	31 March 2016 £	31 March 2017 £	
1 Balances brought forward	1,347,740	1,593,430	Total balances and reserves at the beginning of the year as recorded in the joint committee's financial records. Value must agree to Box 7 of previous year.
2 (+) Income from local taxation and/or levy	—	—	Total amount of local tax and/or levy received or receivable in the year including funding from a sponsoring joint committee. Excluding any grants received.
3 (+) Total other receipts	2,157,804	2,258,065	Total income or receipts as recorded in the cashbook less the taxation and/or levy (line 2). Include any grants received here.
4 (-) Staff costs	1,170,467	1,214,263	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5 (-) Loan interest/capital repayments	—	—	Total expenditure or payments of capital and interest made during the year on the joint committee's borrowings (if any).
6 (-) All other payments	741,687	640,687	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7 (=) Balances carried forward	1,593,430	1,996,545	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8 Total cash and short term investments	1,593,430	1,996,545	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>to agree with bank reconciliation.</b>
9 Total fixed assets plus other long term investments and assets	—	—	The original Asset and Investment Register value of all fixed assets, plus other long term assets owned by the joint committee as at 31 March
10 Total borrowings	—	—	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

I certify that for the year ended 31 March 2017 the accounting statements in this annual return present fairly the financial position of the Joint Committee and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

*N. J. Kelly* SIGNATURE REQUIRED

Date 18/05/2017

I confirm that these accounting statements were approved by the Joint Committee on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by Chair of meeting approving these accounting statements:

SIGNATURE REQUIRED

Date DD/MM/YYYY

**South Essex Parking Partnership**

**NOTICE OF INSPECTION**

**ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017**

**NOTICE**

**1. Date of announcement**      **26<sup>th</sup> May 2017**

**2. This year the South Essex Parking Partnership's annual return is being reviewed. Any person interested may inspect the accounts and make copies of the annual return and all books, deeds, contracts, bills, vouchers and receipts relating to the accounting statements for the year ended 31 March 2017. These documents will be available on reasonable notice by application to:**

Director of Financial Services,  
Civic Centre, Duke Street, Chelmsford, Essex,  
CM1 1JE.

commencing on      12<sup>th</sup> June 2017

and ending on      21<sup>th</sup> July 2017

**3. Local government electors and their representatives also:**

- May raise queries in relation to the accounts or any item in them at any time. Queries in writing may be sent to the South Essex Parking Partnership at the address above.

**4. This announcement is made by Ann Coronel, Legal and Democratic Services Manager**