

# Rutland County Council

## Statement of Accounts 2020/21

For further copies of this document or questions about it please contact:

Strategic Director for Resources

Rutland County Council

Catmose House

Oakham

Rutland

LE15 6HP

email: [RCCFinance@rutland.gov.uk](mailto:RCCFinance@rutland.gov.uk)

Tel: 01572 722577

[www.rutland.gov.uk](http://www.rutland.gov.uk)

---

# Rutland County Council

## Statement of Accounts 2020/21

---

Contents	Page
Narrative Report .....	2
Statement of Responsibilities.....	17
Comprehensive Income and Expenditure Statement (CIES) .....	18
Movement in Reserves Statement.....	19
Balance Sheet .....	21
Cash Flow Statement .....	22
Notes to the Accounts.....	23
Collection Fund.....	64
Statement of Accounting Policies .....	67
Glossary.....	82
Independent Auditor's Report .....	<b>Error! Bookmark not defined.</b>
Annual Governance Statement 2020/21 .....	92

# Narrative Report

---

## Introduction to the Accounts by the Strategic Director for Resources, Mr Saverio Della Rocca

I have prepared this Narrative Report to provide an easily understandable guide to the most significant matters reported in Rutland County Council's Statement of Accounts for the year ended 31st March 2021. My intention in producing this report is to give electors, local residents, Council Members, partners, stakeholders and other interested parties the assurance that the public money received and spent has been properly accounted for and that the financial position of the Council is secure, to give a brief summary of the overall financial position of the Council, to give details of how the Council's budget is spent and financed, and to explain the purpose of the financial statements contained within the Council's accounts.

The Narrative Report is structured as follows:

1. An Introduction to Rutland County Council
2. Council Performance
3. Financial Performance
  - a. Key Issues that have influenced the Financial Position for 2020/21
  - b. Key Events affecting the Council in 2020/21 and a look ahead to future years
  - c. Review of financial performance in 2020/21
4. Principal Risks and Uncertainty; and
5. Further Information

### 1. Introduction to Rutland County Council

Rutland County Council is a Unitary Authority located in the East Midlands, with Lincolnshire, Leicestershire and Northamptonshire being the bordering counties.

It covers an area of 151.5 square miles (392.5 square kilometres). In the centre of the county is Rutland Water, Anglian Water's drinking water reservoir, covering an area of 4.19 square miles (10.86 square kilometres), which attracts a great number of visitors to the county each year. The county town is Oakham, which is the administrative centre of the county. The main council offices are located in Oakham and serve the towns and villages of the county from Thistleton in the north to Caldecott in the south and across from Ryhall, Belmsthorpe and Essendine in the east to Whissendine in the west.

The population of the county is 39,474 (source: ONS, 2018 mid- year estimates) which has increased by 8% since 2001. The demographics for the county show 25% of the County is 65 or over. The area is relatively affluent when compared with other areas of England, with only small pockets of deprivation. This is shown in the overall employment rate of the working age population in Rutland of 81.2% compared to the East Midlands average of 74.1%. The make-up of the county's population shapes the delivery of services by the Council, with the aims and objectives of the Council being set to meet to the needs of its residents.

The Council, as a Unitary Authority, provides all county council and district council services (see the pie chart 'What services have been provided with the money' in Section 4 below for a summary). By March 2021, the political make-up of the Council was as follows: 15 Conservative, 6 Independent, 3 Liberal Democrats and 3 non-aligned.

The Council has adopted the Leader and Cabinet model. The Leader, Cllr Oliver Hemsley, was elected in January 2018 and appointed a new Deputy Leader Cllr Gordon Brown in July 2018. These positions remained unchanged following the local elections in May 2019. In March 2021, the Leader announced changes in Portfolio's due to the Deputy Leader, Cllr Gordon Brown, stepping down and Cllr Lucy Stephenson taking over this role. By the end of 2020/21 Cabinet comprised 5 Conservative members with responsibility for the following Portfolio areas:

1. Rutland One Public Estate & Growth, Tourism & Economic Development, Communications, Resources (other than Finance), Planning

2. Finance
3. Culture and Leisure, Environment, Highways, Transportation & Road Safety
4. Safeguarding – Adults, Public Health, Health Commissioning & Community Safety
5. Children's Services and Education

There is a management structure in place to support the work of elected members and is headed by the Strategic Management Team (SMT). At the end of the year, members of this team included:

1. Mark Andrews – Interim Chief Executive
2. Saverio Della Rocca – Strategic Director for Resources (s151 Officer)
3. Phil Horsfield – Deputy Director for Resources (Monitoring Officer)
4. Jon Morley – Interim Director Adult Services and Health
5. Dawn Godfrey – Interim Director Children Services
6. Penny Sharp – Strategic Director for Places

The Council's Chief Executive, Helen Briggs, retired in August 2020 having originally deferred her retirement following the outbreak of COVID-19. The Council appointed Mark Andrews as Interim Chief Executive from August 2020 and also appointed Dawn Godfrey and John Morley as Interim Director of Children's Services and Adult Services, respectively. Mark was appointed permanent Chief Executive at Council in June.

The Council has a Corporate Plan covering the period 2019 – 2024. The Corporate Plan serves as a roadmap for what the Council wants to achieve during its current four-year term. The Plan was developed following the local elections in May 2019.

With much management resource diverted to the pandemic, some actions have been progressed, with others deferred. As part of its year end reporting, the Council's performance report for Quarter 4 gave both an update on KPI's but also a progress update on actions.

The Council plans to revisit the corporate plan later in the Autumn of 2021 after the Future Rutland Conversation (FRC) has been completed with the aim of having a new plan in place for 22/23.

The FRC follows a commitment made in Rutland County Council's latest Corporate Plan to develop a 50-year vision that will identify key priorities, emerging issues and give the County a long-term plan of action. Work on the 50-year vision was due to begin in 2020 but paused due to COVID-19 but the Future Rutland Conversation aims to understand what matters most to residents and businesses in the county – both now and in a post COVID-19 world.

The FRC was approved by Full Council at a meeting on Monday 11 February 2021 and as at the end of June 2021 is well underway.

The following corporate key priorities within the Corporate Plan have been deferred:

- Enhancing the Universal Offer (for Children Services)
- Launching of a customer portal (MyAccount)
- Updating of the Corporate Website
- Development of the plan for 5G Provision
- Hosting of a Road Safety Summit
- Improving coordination with Care Homes & Health Services
- Ensuring High Levels of 16-18 in Education, Employment and Training
- Developing in-house provider services into a new single community service
- Development or refresh of various policies and strategies (Customer Strategy, Digital Strategy, Corporate Asset Management Plan, Biodiversity Policy, Dementia Strategy, Autism Strategy, Carer Strategy, Adult Social Care Strategy, Community Safety Strategy, Cultural Services Strategy, Domestic Violence Strategy, Joint Exploitation Strategy)
- Redesigning of the Commissioning & Procurement Approach
- Implementation of a New Joint Care Placements Framework

## **2. Council Performance**

The Council has a performance management framework through which quality of service and use of resources is measured. Financial and non-financial performance is monitored by Service Teams and SMT on a regular basis and is formally reported to Scrutiny Panels and Cabinet on a quarterly basis.

During 2020/21, quarterly reports on corporate plan performance KPIs were switched to a mid-year and year-end report with pandemic priorities taking precedence. SMT put in place a specific internal performance report for pandemic matters with pandemic information shared with Members via briefings etc.

The latest in year report can be found on the link below:

<https://rutlandcounty.moderngov.co.uk/documents/s18807/Rpt%20149-2020%20Mid%20Year%20Performance%20Update%202020-21%20F.pdf>

## **3. Financial Performance**

### **a) Impact of the Coronavirus on the Council**

From mid-February 2020, the Council joined the Leicestershire, Leicester, and Rutland (LLR) Local Resilience Forum (LRF) in preparing its response to the Coronavirus pandemic. The Council also invoked the emergency delegation in the Constitution (11.10.5) which allows the Chief Executive “to take any urgent action necessary in the event of a civil emergency and deal with matters relating to civil protection/emergency planning arising from the Council’s powers and duties under the appropriate legislation.” and the provisions in the Financial Procedure Rules (4.6) which allows the Chief Finance Officer to put in place alternative financial systems in the case of a major incident.

As part its response, the Council quickly established a Local Strategic Coordinating Group (LSCG) comprising of senior management and a Local Tactical Coordinating Group (LTCG) involving key officers from across the Council.

In the early part of its pandemic response, February to the end of June 2020, the Council put the following arrangements in place:

- Establishing a revised operational structure so that resources could be focused on delivering ‘business as usual’ activity as far as possible and responding to the needs of vulnerable people through Operation Shield (announced 22nd March)
- Participating in all of the LLR Groups and Cells covering a range of issues from Personal Protective Equipment to Business issues
- Reviewing all key services, in accordance with Government guidance, and determining which services could continue as ‘business as usual’ and which services would be stopped
- Developing an approach to the “shielding of vulnerable people” – i.e., supporting those people who are vulnerable, and who have no other means of support – (obtaining required medication; obtaining food; support with social isolation and other welfare support).
- Deploying new technology to enable staff to work at home under ‘lockdown’
- Redeploying staff to areas of greatest need as services were reduced or discontinued
- Delivering key Government initiatives such as payment of business rate grants and reliefs, ensuring ongoing payments to key suppliers/contractors and enforcing social distancing measures.

From June through to September, the Council evolved its internal arrangements and set up a Business Delivery Group reporting through to the RSCG with the RTCG being stood down. The key rationale for this at the time was that there was a move towards “business as usual” as national restrictions were lifted. Briefings to Members and Parishes became less frequent as the requirement on the Council to set up new services reduced with, at the time, a move towards consideration of Recovery. The Council developed an initial Recovery Plan as part of its work with LLR.

From September through to today, the Council has continued to deliver its pandemic response including:

- Setting up a Vaccination Centre at Catmose with our partners in the NHS and national government albeit with the vaccination programme itself being managed by the NHS.
- Opening a Rapid Testing Centre to offer regular tests to people who are unable to work from home and have no COVID-19 symptoms. The new testing centre for Rutland was of the Government's plans to expand its programme of Lateral Flow Device testing across the country.
- Continuing to administer business grant schemes to local businesses in line with governance guidance to support the local economy during periods of lockdown
- launching in December 2020 a winter grants scheme to provide access to financial support for utility bills, food and other related essentials for eligible households with children aged 0-19.

The pandemic has affected the Councils finances in a number of ways and touch on various notes within the accounts. The following have all had an impact on the Councils Accounts

- Extra Funding – the Council has received a number of additional grants to aid its response to the pandemic.
- Agency Transactions – the Council has run a number of business support grant schemes (c£16m) for Central Government and as a result the transactions have been excluded from the Councils accounts.
- Extra Expenditure – The Council has incurred additional expenditure to respond to the pandemic. These costs are shown in either the individual directorates or in Other Operating Expenditure
- Impact on Bad Debts – the Council debt position has been affected by the pandemic, due to business and individuals requesting longer periods to pay for goods and services.
- Impact on Estimates – The council uses estimates throughout its accounts. The key estimates that have been impacted by the pandemic are
  - a) Pension Liability – the pandemic has impacted the returns the pension fund makes and therefore the estimates of future returns.
  - b) Asset Valuations – the Councils assets are valued on a rolling three-year programme and are produced by qualified asset valuers. These assets can be based on a number of estimates including yield on assets, cost to build a replacements etc. because of the pandemic these estimates are still volatile.
- Contract Extensions – the Council has used emergency powers to extend a number of contracts including waste and insurance.
- Supporting Suppliers – Within Government guidelines the Council has supported its suppliers through the pandemic, whether this be increasing contract values to reflect different government guidelines e.g., social distancing on bus routes or continuing to pay based on estimated activity.
- Impact on Council Services – some of the services provided by the Council have been impacted by the pandemic through closure e.g., Libraries, reduced offer e.g. registrars or change in focus to pandemic response.
- Vaccination/Testing Centre – During the pandemic, the Council has set up both a vaccination centre at the main council offices which has been funded by the NHS and a testing centre at Oakham Enterprise Park, again funded by the NHS.

The longer-term impacts and consequences on the Council are still uncertain. The Council has noted this as a key risk on its strategic risk register. The two key risks can be categorised as follows:

- Financial – the Council is monitoring its position. It has received Government funding to deal specifically with the response, but the bigger concerns are the impact on the Medium-Term Financial plan of lost income (with key income generating services



stopped), a drop in collection rates for council tax and business rates, any additional costs incurred as key services are restored (and backlog issues dealt with), the fallout on the local economy and the impact on the demand for services (see below).

- Operational impacts – with key services stopped and resources diverted, officers will have to reinstate key services and catch up on a backlog of issues. Whilst work is being done to mitigate some of this work, the extent of recovery is likely to be significant. Alongside the backlogs, the Council is anticipating possible impacts on key services such as adult and children's social care but at this stage the position is uncertain.

The Council reported to members what impact the pandemic had on the Council's financial position as part of its Outturn Report presented to Cabinet on 16th June 2021. The accounting regulations require the Council to treat some grants differently within its accounts. The table below shows the key movement in relation to this

	Income	Expenditure	Commentary
Services		2,476	
Services (Ringfenced)	(228)	228	
Covid Cost Centre	(4,988)	1,826	
Lost Investment Income		44	
<b>Total Management Accounts</b>	<b>(5,216)</b>	<b>4,574</b>	
Less Items Still Within Services		(2,704)	
Add Business Grants - Not included within Management Accounts	(2,249)	1,586	Difference is timing between receiving the funds and paying over the grants. Any unspent will be returned to Government
Grants removed under accounting standards	835	(855)	Mainly relates to support given to the ASC Market
Income Guarantee Scheme (Business Rates/Council Tax)	(301)		This is not shown in the Management accounts as only the budgeted income was shown in the management accounts. At time of producing the management accounts this figure was not known. This does not have a direct effect on the General Fund balance as any additional grant received in relation to the collection fund has been transferred to reserves to meet future deficits
Expenditure recharged to other parties	(468)	468	£302k relates to expenditure recharged to the CCG. The remainder is split between testing and vaccination.
Capital Grants	(30)		In the accounts all grants flow through the CIES.
Investment Income		(44)	Shown as a cost in Management Accounts, but no additional expenditure so not shown in accounts.
<b>Statement of Accounts</b>	<b>(7,429)</b>	<b>3,026</b>	

#### b) Key Issues that have influenced the Financial Position for 2020/21

The Council set a balanced revenue budget of £38.88m in 2020/21. The balanced budget used only £10k of General Fund reserves and £431k of earmarked reserves. This was positive in the context of ongoing financial pressures and a better position than originally envisaged. The Local Government



funding settlement was consistent with the Spending Review 2019 and more favourable than previously expected, in particular:

- The expected loss of Revenue Support Grant of £958k (originally expected to happen in 19/20) did happen for the second year running.
- Additional grant funding for Social Care: £482k above that received in 19/20 and in total £712k more than originally envisaged.
- There were no proposed changes to the New Homes Bonus scheme for 20/21.
- The Rural Services Delivery grant (£849k) and Public Health grant (£1.2m) continued into 20/21 thereby mitigating the expected loss of c£500k when these grants are funded from Business Rates.

Despite a more favourable Settlement than originally expected, the Council's Government funding was in cash terms still only marginally more (£384k) than it was in 19/20 and still £135 per head less than other Unitary Councils. The increase did not cover inflation (£500k) let alone pay increases, including pension and National Insurance and the additional demand for services

The Council maintained a rolling capital programme with new schemes added in 2020/21 based on known and forecast levels of external funding for capital schemes and an assessment of the resources likely to be available from asset disposals.

The impact of the capital programme and its financing was included within the MTFP e.g., cost of external borrowing. Taking into account all the known factors the projected financial position at the end of the period of the MTFP remained sound but showed an increasingly challenging position with the Council forecasting to spend more than the resources available in the later years of the plan.

The Treasury Management Strategy (TMS) 2020/21 and Capital Investment Strategy (CIS) were approved by Full Council in February 2020. The Strategies were developed to comply with the new version of the Prudential Code for Capital Finance in Local Authorities, the Treasury Management: Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code) and Minimum Revenue Provision - Guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The Capital Investment Strategy sets out the Council's policy in respect of treasury and non-treasury investments including its appetite and approach to commercial investments. The Council was prepared to invest up to £10m in assets that generated a revenue return.

Material transactions to be noted for the year related to pensions for employees of the Council, who may be members of one of two separate pension schemes: The Local Government Pension Scheme, administered by Leicestershire County Council; or The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees whilst working for the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council.

The Council's net pension liability for the Local Government Pension Scheme has increased from £40.0 million to £57.6m in the year to 31 March 2021. There are two main elements that create this liability, the value of assets held by the pension fund, and the estimated future demands for pension payments. The value of assets has increased by £19.01 million during the year, but at the same time liabilities have increased by £36.6 million.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. The pension liability shown in the Balance Sheet therefore has no direct impact on the Council's revenue reserves.

### **c) Key Events affecting the Council in 2020/21 and a look ahead to future years**

In mid-April Ofsted published its report on Children's Services. Ofsted reported that children in Rutland are being kept safe, while also highlighting areas where local Children's Services require further improvement.

Helen Briggs, Chief Executive of Rutland County Council, on 29 May 2020 confirmed that she would be retiring from her role in July 2020. In January 2020, Mrs Briggs had announced that she would be retiring after serving as Chief Executive for more than 13 years. In March, she withdrew her resignation to support Rutland until there was greater clarity over the COVID-19 situation. At this time, it was also confirmed that Mark Andrews, Deputy Chief Executive and Strategic Director for People, would step up as Interim Chief Executive, and this was agreed at Full Council on Monday 29 June.

During June people in Rutland were asked to give their feedback on a number of updates to the County's Statement of Community Involvement – a document that sets out how Rutland County Council engages with local communities when carrying out its planning duties. Rutland's Statement of Community Involvement (SCI) was last updated in 2014. There have since been a number of changes to the UK's national planning system which meant the document should be reviewed and updated. A review was also needed to account for the impact that COVID-19 had on normal planning processes throughout the UK. All of this means that the Council had to update its SCI so it could continue to determine planning applications, support the development of Neighbourhood Plans for individual areas and make progress on its Local Plan Review.

Rutland County Council received the highest possible Defence Employer Recognition Scheme (ERS) award for its work to support the Armed Forces Community. The national ERS encourages employers to support defence and encourage others to do the same. The scheme hands out bronze, silver and gold awards to employers that pledge, demonstrate or advocate support to defence and the armed forces community, and align their values with the Armed Forces Covenant. As part of the latest round of ERS accolades, Rutland County Council received a Gold Award for having signed the Armed Forces Covenant, ensuring members of the forces community are not disadvantaged in recruiting and selection processes, employing Reservists, and promoting positive policies towards defence people issues.

In August, an updated version of Rutland's Statement of Community Involvement (SCI) was approved by Cabinet. Rutland's SCI sets out how the County Council will engage with local communities when carrying out its planning duties.

Later in August the Council announced details of the final public consultation around the County's draft Local Plan. The Local Plan sets out planning policies for the Rutland area, as well as listing sites for additional housing, employment, or other development for the period 2018 to 2036. Rutland County Council's Full Council approved the Pre-Submission Local Plan on Monday 10 February, where Councillors voted 15 to 10 in favour, with one abstention. This consultation, known as a Regulation 19 Consultation, gave residents, businesses, and other stakeholders the opportunity to comment on whether the Local Plan meets the 'Test of Soundness' – whether the Plan is sound and has been prepared in accordance with all necessary legal and procedural requirements and is positively prepared, effective and is justified by the evidence.

Early September saw the Council make further investment into Oakham Enterprise Park (OEP) in order to improve site access for business tenants and visitors. The Council's Cabinet met to consider a number of infrastructure changes at OEP, including the mothballing of a now-disused unit and new fencing to screen an area of the site where further development is still pending. The most substantive change to be given the go-ahead by Cabinet was the creation of a new entrance road and footpath, together with a new mini roundabout inside the Park, to help manage traffic.

The end of September saw the Council announce an extension to the final public consultation around Rutland's latest draft Local Plan. Having launched the Regulation 19 Consultation in August, the

Council's Cabinet Member for Planning, Interim Chief Executive and Strategic Director for Places approved an extended deadline that gave residents an extra four weeks to submit their responses. The revised closing date for the consultation was Friday 6 November 2020. This opportunity was also used to publish two addendums covering a number of minor corrections to the Local Plan text.

In October Rutland County Museum and Oakham Castle were among 445 heritage organisations across the country set to receive a financial boost from the government thanks to the £1.57 billion Culture Recovery Fund to help them through the coronavirus pandemic. 445 organisations shared £103 million, including Rutland County Museum and Oakham Castle, to help restart vital reconstruction work and maintenance on cherished heritage sites, keeping venues open and supporting those working in the sector. The grant of £132,100 will be used to investigate and deliver a programme of transformation to support the continued sustainability of both venues.

During November, the Council extended the contracts currently in place to provide the County's waste and recycling services, as well as approving a long-term review of the Council's wider Waste Strategy. The Council has contracts in place with specialist companies responsible for waste collection, the haulage and treatment of residual waste, processing recycling and the treatment of green waste. Each of these contracts was due to expire in the next 12-18 months. Extending them and giving them a common end date of 31 March 2024 will allow the Council to carry out a more cost-effective re-procurement exercise in four years' time.

In January Rutland County's Cabinet considered the Council's 2021/22 Budget following lower-than-expected financial support provided through the Local Government Settlement. This year budget setting became more challenging, as the Local Government Settlement, provided by the Government, gave the Council less core Government funding than in the previous year. To compensate for this, Government anticipated that many Councils would raise Council Tax by up to 5%. The Council is required to set a budget and agree the level of Council Tax for 2021/22 in the context of a balanced Medium Term Financial Plan and the Local Government Settlement that is provided by the Government each year. The draft 2021/22 revenue budget relied on the Council increasing Council Tax by 2.99% and using £2.6m from its reserves to balance the Budget. Cabinet Members considered the recommendations and agreed to put the draft budget out for consultation with residents and businesses at the Cabinet meeting on 12th January 2021.

Also, in January Rutland County Council's Cabinet considered whether to commence a project to look at the future recreation, leisure and wellbeing needs of the county. At its meeting on Tuesday 12 January 2021, the Council's Cabinet reviewed proposals for a project which aims to assess the needs of Rutland residents, as well as examining how local leisure facilities may need to adapt to the current COVID-19 situation and, eventually, a post-COVID-19 environment.

In February Rutland County Council developed plans for an extensive county-wide conversation that will help the authority to meet the needs of residents and businesses in years to come. The new project, called the 'Future Rutland Conversation', was aimed to involve local people in a process that will develop a new vision and aspirations for the county – one that will help Rutland County Council to co-create new strategies and policies to achieve these goals. The Future Rutland Conversation follows a commitment made in Rutland County Council's latest Corporate Plan (2019-2024) to develop a 50-year vision that will identify key priorities, emerging issues and give the county a long-term plan of action. The Future Rutland Conversation was approved by Full Council at a meeting on Monday 11 February.

Rutland's Local Plan was submitted to the Secretary of State, for independent examination on Wednesday 3 February 2021. The Secretary of State will appoint an independent Planning Inspectorate, who will conduct an independent review of the plan and all of the representations received, to determine whether the plan is sound. This is called an Examination in Public. The Council will be advised of the timetable for the public examination after the independent Planning Inspector has been appointed.

In February, the Council announced the public swimming pool at Catmose Sports Centre in Oakham was to remain closed beyond the latest COVID-19 lockdown, following a condition survey raising concerns about the structural safety of the building. Having carried out a full condition survey of the facilities at Catmose Sports Centre as a first step in the needs analysis and re-procurement process, it was confirmed that the swimming pool should not be used unless major structural improvements are made to the building in which it is housed.

On Monday 22 February, Leader of Rutland County Council, Cllr Hemsley announced the new Deputy Leader and new Portfolio Holder for Finance following Cllr Brown's decision to step down. From Monday 1 March, Cllr Lucy Stephenson took over as Deputy Leader. She remains Portfolio Holder for Culture and Leisure, Environment, Highways & Transportation & Road Safety, a responsibility transferred to her in September 2020. Cllr Karen Payne joined Cabinet from Wednesday 24 February and became Portfolio Holder for Finance. The Planning Portfolio was transferred to Cllr Oliver Hemsley from the same date.

At its Council meeting on Monday 22 February 2021 Council members approved Rutland County Council's budget for 2021/22 including the use of £2.4m reserves to balance the budget to protect residents from a 5% increase in Council Tax. A proposed amendment to the paper was put forward for Council Tax to be increased by 3.99% instead of 2.99%. The amendment was unsuccessful with 16 members voting against, six voting for and three abstentions. Members' overall view was that an increase of 3.99% would unduly disadvantage residents and remove money from the economy at a time when the focus should be on rebuilding and recovering post-pandemic. The Council Tax rise of 1.99%, plus the Adult Social Care Precept of 1%, was agreed with 16 in favour and nine abstentions.

In March, the Government's Department for Transport (DfT) allocated £1million to Rutland County Council to spend repairing local roads over the next year. The Council will work alongside its Highway's partners Tarmac to prioritise the funding to not only repair potholes, but also for larger works to improve the footways and roads within Rutland. This work also includes preventative treatments such as surface dressing works which are a quick, efficient, and cost-effective way of maintaining skid-resistant and waterproofed road surfaces and helping to prevent future deterioration. Costing just a fifth of the price of resurfacing works, it can increase the life of the carriageway by up to 10 years.

In late March, Rutland County Councillors voted to not accept Government Housing Infrastructure Fund (HIF) grant totalling £29.4m. Rutland County Council had submitted a successful bid to the Government to help fund infrastructure improvements for the proposed future redevelopment of St. George's Barracks in North Luffenham as a garden village. HIF is a national programme managed by Homes England that has made £5billion available to support the building of new homes by making sure important infrastructure, such as improvements to roads and public transport, can be put in place at the right stage. Full Council met to consider the HIF grant and after considerable debate, Councillors voted to not accept the Government grant and will not receive the additional central government funding to support the St. George's development. In the vote, 13 members voted against accepting the HIF grant, 12 voted for and two abstained.

As a result of the HIF decision, later in March Rutland County Council wrote to the Planning Inspectorate to confirm when it intends to provide an update on Rutland's Local Plan Examination. Following confirmation from the Planning Inspectorate that Rutland's Local Plan Examination would need to be paused until there is clarity on the possible implications of the HIF decision, discussions are ongoing about funding for infrastructure and the viability of current St Georges Garden Community proposals. Once concluded, the outcome of these discussions will be reported back to a future Full Council meeting. Following this meeting, the Council hopes to be able to confirm its position regarding the Local Plan Examination. Rutland must have a viable Local Plan to manage future development in the county. Options include looking at whether current St George's Garden Community proposals can be delivered by closing the funding gap left by the absence of HIF, or whether we will need to revisit the Local Plan. We hope that a further report with recommendations can be brought back for Councillors to consider.



#### **d) Review of Financial Performance in 2020/21**

In February 2020, the Council set out its MTFP that took into account assumptions on levels of council tax and government support, inflationary and demand led spending pressures and the impact of its capital programme over a 5-year period.

A brief summary of activity for the year is given below and full details are in the main body of the Statement of Accounts.

2020/21 has been a year like no other. In normal times, assessing financial performance against a budget is a good barometer of financial management. During a year hit significantly by the pandemic, it feels less effective as starting point budgets feel less reliable with underlying assumptions subject to greater volatility.

When the Council approved its budget in February 20/21, it did not anticipate the onset of the COVID-19 pandemic and the impact it would have on the work of the Council during the year. At budget setting time, the Council knew it had a financial gap and a key priority for the year was to develop plans to close the gap alongside developing other key priorities and business as usual. The Pandemic not only changed the focus of Council work but had a significant impact on finances, the work of the Finance team and that of budget managers.

The Council has faced enormous costs during the pandemic, ranging from providing additional support to Care providers and other key suppliers, significant income losses as services have been largely closed and providing support to individuals through food supplies, self-isolation compensation and family support. Alongside Covid pressures, there have been service pressures due to the adverse winter weather, increases in legal costs through SEN cases and additional grounds maintenance work. The Council has managed to cover the additional costs of c£4.7m through additional grants received, the remainder of which will be retained to keep services going into next year as the pandemic continues.

Organisationally, the redeployment of staff and diversion of activity has reduced business as usual capacity, slowing down delivery of some projects and halting some permanent recruitment in light of the need for saving but also as teams pause to consider what might be right for the future. This change of focus alongside the closure of Catmose and other Council services, at the same time as a move towards a virtual offer in other areas have produced welcome savings. One of the biggest positive budget impacts comes from the reduction in demand for key services totalling over £1m. The Council considers this a one off, rather than an ongoing saving it can “bank” now with unmet need in the community very likely to emerge post pandemic.

The upshot of the above issues means that through additional Government support, favourable trends and prudent management, the Council has come out of the year in a positive financial position and is projecting a provisional underspend of c£2.245m (c£408k of this will be needed to fund ongoing pressures not in the 21/22 budget next year). The Councils Financial Outturn report, presented to Cabinet on 15<sup>th</sup> June 2021 shows the explanation of this position by an underspend on the Covid cost centre of £3.1m (£2.5m of costs are charged outside of the cost centre) and a net underspend of £949k on Net Cost of Services (excluding the Covid Cost Centre). This gives a total underspend of just under £4.1m which is offset by transfers to reserves of £2.2m for funds to be used in future years - budget carry forward requests of £596k for ongoing projects (e.g. waste, leisure) and Ring Fenced Reserve transfers of £1.32m (specific Covid grants - £641k, Better Care Fund - £527k, Public Health - £156k) plus c£210k transferred to the repairs reserve to cover growing compliance/condition works across the Councils Property Estate. This gives a net position of £1.9m and additional BCF grant from the CCG received at the end of the year gives a position of £2.2m surplus.

Whilst this is a positive picture, there is the issue of what it means in the context of our medium-term financial future. At 21/22 budget setting, the Council explained that the risk environment within which it was working was changing with the level of risk and uncertainty increasing. With future funding

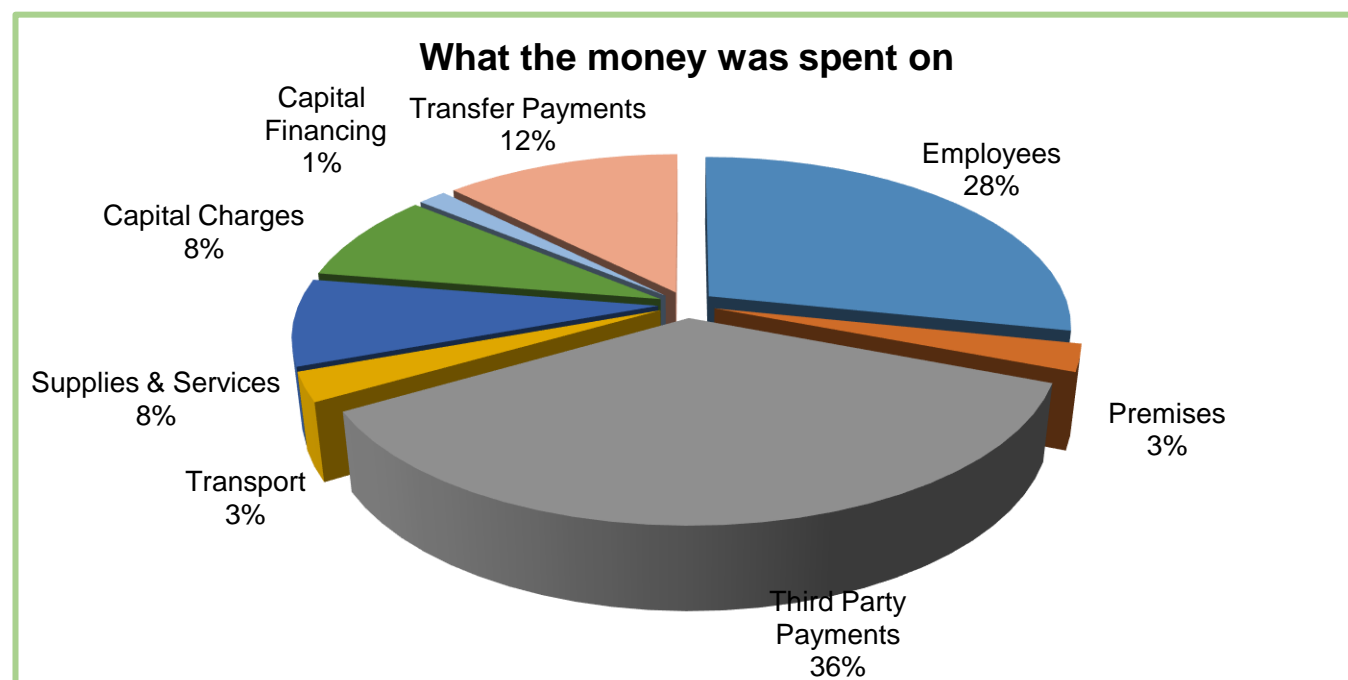
unclear, Government reforms still pending and the impact of the pandemic on services unknown, the Council's position remains challenging.

The positive outturn position increases reserves and gives us additional funding to help during 21/22 which could allow the Council to continue to meet the financial gap through use of reserves for longer. As reported at budget setting, this is poor practice and cannot continue indefinitely but given the work required to close the gap any additional time is welcome.

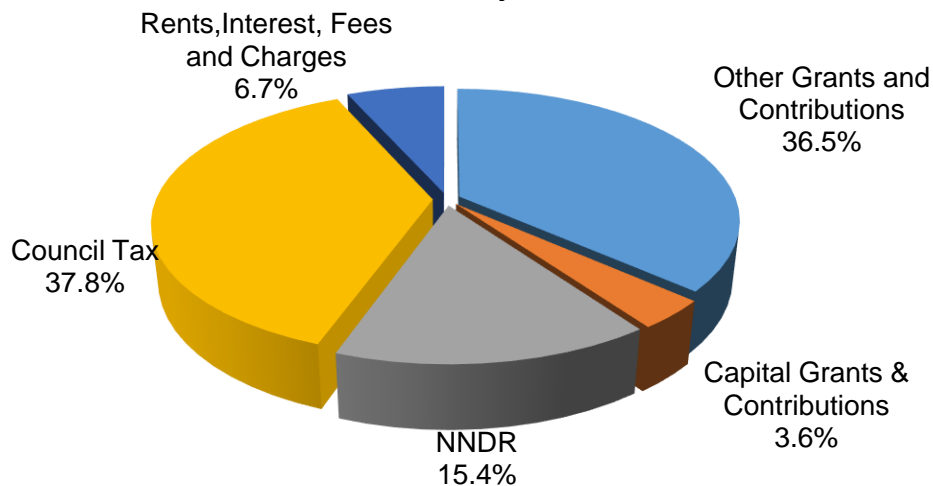
The outturn itself does not directly impact the medium-term financial position since:

- The vast majority of the underspend this year does not arise from business-as-usual service activity – if it did then the Council might be able to reduce future budget accordingly, but this is not the case. Where this is the case then savings have been either included in the 21/22 budget already or are included in the Budget Savings report to be considered at July Council.
- The underspend does not alter the view that service budgets continue to come under pressure and are vulnerable to additional demand e.g., social care, homelessness, legal, Special Educational Needs.
- The size of the projected financial gap (£2.7m) does not change because of the underspend – only permanent funding changes or change in the service offer leading to budget reductions will do this.

The following charts outline where the Council's revenue money came from and how it was spent.



### Where the money came from



### General Fund Revenue Account

The following table summarises the position for the General Fund for 2020/21. The Council is reporting a year end surplus of £2,232k. This represents an underspend of £2,245k compared to the budgeted deficit of £13k. In the context of an MTFP, the positive outturn position increases reserves and gives us additional funding to help during 21/22 which could allow the Council to continue to meet the financial gap through use of reserves for longer. As reported at budget setting, this is poor practice and cannot continue indefinitely but given the work required to close the gap any additional time is welcome. The revenue position at 31 March 2021 is shown below:

General Fund	Revised Budget	Outturn	Variance
	£000	£000	£000
Net cost of Services	40,268	36,155	(4,113)
Other Operating costs	(997)	(953)	44
<b>Net Operating Expenditure</b>	<b>39,271</b>	<b>35,202</b>	<b>(4,069)</b>
Financing	(39,258)	(37,434)	1,824
<b>(Surplus)/Deficit for year</b>	<b>13</b>	<b>(2,232)</b>	<b>(2,245)</b>

### Capital

Capital Expenditure relates primarily to spending on Council assets (i.e., an item with an expected life of more than one year). Overall, the expenditure during the year was £6.508m, compared to the approved capital project budget of £33.672m (i.e., 19% of the approved programme was actually spent) with £10.456m declared as an underspend due to a number of projects being on hold at the year-end (£10.371m).

Expenditure was funded from external grants and contributions (£6.093m), Capital Receipts (£0.179m), Developer Contributions (£0.214m) and the remainder through prudential borrowing (£0.022m).



<b>Capital Programme – Approved Projects</b>	<b>Total Project Budget £000</b>	<b>Prior Year Actuals £000</b>	<b>Outturn 2020/21 £000</b>	<b>Future Year Outturn £000</b>	<b>Estimated Outturn £000</b>	<b>Total Project Variance £000</b>
Commercialisation	10,270	66	165	44	275	(9,995)
Asset Management Requirements	11,848	623	3,189	7,738	11,550	( 298)
Strategic Aims and Priorities	11,554	5,627	3,154	2,610	11,391	( 163)
<b>Total</b>	<b>33,672</b>	<b>6,316</b>	<b>6,508</b>	<b>10,392</b>	<b>23,216</b>	<b>(10,456)</b>

#### 4. Principal Risks and Uncertainty

A risk management strategy is in place to identify and evaluate risks. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact. The risk management process was re-presented to the audit and risk committee in January 2021 and satisfied all assurance requirements. Below are our top risks from the Council's comprehensive risk register.

<b>Risk</b>	<b>Impact</b>	<b>Controls</b>
There is a risk that the Council is not financially stable in the medium term (as evidenced by the gap in MTFP and the impact of the Coronavirus Pandemic).	<p>Breach of statutory requirement</p> <p>Drastic action needed to rectify the position (e.g., cuts)</p> <p>Erosion of reserves below recommended levels</p>	<p>Medium Term Financial Plan (MTFP) in place</p> <p>Members adhering to minimum General Fund balances in budget setting</p> <p>Members understand the need to raise Council Tax</p> <p>All increases in budget scrutinised to ensure they are legitimate.</p> <p>Lobbying for additional funding ongoing including meeting with Minister and MP</p> <p>Various controls strengthened in light of action opposite (e.g., review of recruitment, agency staff etc)</p>
Failure to Safeguard (Children) and a child is significantly abused, hurt, or dies.	<p>Intensive scrutiny by public and press</p> <p>Potential external intervention</p> <p>Potential loss of frontline staff</p> <p>Potentially high legal costs</p>	<p>Processes and procedures in place to protect the most vulnerable</p> <p>Ensuring we have sufficient competent, trained staff to safeguard children and there is no unallocated work</p> <p>Clear practice standards in place so staff know what is expected of them and effective</p>

Risk	Impact	Controls
	Reputation damage	<p>training to allow them to deliver high quality practice.</p> <p>Children's services improvement plan in place and subject to monthly scrutiny by the Improvement Board.</p> <p>High quality management oversight of all Children's Social Care practice.</p> <p>Comprehensive Performance Management and Quality Assurance framework in place.</p>
Failure to deliver key services should a significant business interruption occur	<p>Reputational damage</p> <p>Long term costs</p> <p>Risk to life</p>	<p>A Major Incident Plan has been prepared</p> <p>Specific recovery plans are in place for the 5 key threats (loss of staff, telephone system, buildings, ICT, Utilities)</p> <p>Business Continuity documents have been uploaded to a secure website (Resilience Direct)</p> <p>Contract procedure rules include the requirement for managers to consider the impact of contractor failure and mitigate the risks appropriately</p> <p>Business Continuity arrangements audited by Internal Audit and more recently by Resilience Partnership</p> <p>Recovery plans tested regularly</p> <p>Preparations completed for dealing with concurrent events</p>
Failure to Safeguard (Adults) and an adult is significantly abused, badly hurt, or dies.	<p>Intensive scrutiny by public and press</p> <p>Potential external intervention</p> <p>Potential loss of frontline staff</p>	<p>Processes and procedures in place to protect the most vulnerable.</p> <p>Scrutiny and overview from the Safeguarding Boards.</p> <p>Monthly performance and financial monitoring by senior offices and updates to Cabinet.</p>

Risk	Impact	Controls
	<p>Potentially high legal costs</p> <p>Reputation damage</p> <p>Requirement to undertake and publish a serious case review</p>	<p>High quality, timely information contained within case files.</p> <p>Clear practice standards in place so staff know what is expected of them.</p> <p>Management oversight recorded on file alongside regular supervision.</p> <p>Effective training of staff.</p> <p>Comprehensive Performance Management and Quality Assurance framework in place.</p>

## 5. Further Information

Further information about these accounts is available from:

<p>Mr Saverio Della Rocca Strategic Director for Resources (Chief Financial Officer) Rutland County Council Oakham Rutland LE15 6HP <a href="mailto:sdellarocca@rutland.gov.uk">sdellarocca@rutland.gov.uk</a></p>	<p>Mr Andrew Merry Finance Manager Rutland County Council Oakham Rutland LE15 6HP <a href="mailto:amerry@rutland.gov.uk">amerry@rutland.gov.uk</a></p>
--	--

Information on the Councils services and activities can also be located on our website: [www.rutland.gov.uk](http://www.rutland.gov.uk)

# Statement of Responsibilities

---

## The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Strategic Director for Resources.
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

## Chairman's Approval of the Statement of Accounts



Cllr Rosemary Powell

## The Chief Financial Officers Responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

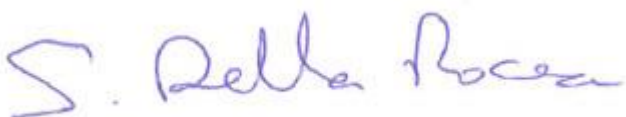
- selected suitable accounting policies and then applied them consistently.
- made judgments and estimates that were reasonable and prudent; and
- complied with the Code of Practice

The Chief Financial Officer has also:

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

## Chief Financial Officer's Certificate

I certify that the Statement of Accounts on pages 18 to 86 presents a true and fair view of the financial position of the Council at 31st March 2021 and its income and expenditure for the year ended 31 March 2021



Mr S Della Rocca  
Strategic Director for Resources (Chief Financial Officer)

# Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

<b>Gross Expenditure</b>	<b>2019/20 Gross Income</b>	<b>Net Expenditure</b>	<b>Comprehensive (Income) &amp; Expenditure Statement (CIES)</b>		<b>Notes</b>	<b>Gross Expenditure</b>	<b>2020/21 Gross Income</b>	<b>Net Expenditure</b>
£000	£000	£000				£000	£000	£000
33,560	(14,141)	19,419	People			33,929	(15,527)	18,402
17,469	(4,102)	13,367	Places			20,325	(5,968)	14,357
11,682	(4,888)	6,795	Resources			11,523	(4,205)	7,318
<b>62,711</b>	<b>(23,131)</b>	<b>39,580</b>	<b>Cost of Services</b>			<b>65,777</b>	<b>(25,700)</b>	<b>40,077</b>
1,243	(147)	1,096	Other Operating Expenditure		9	2,876	(192)	2,684
2,222	(397)	1,825	Financing & Investment Income & Expenditure		10	1,979	(257)	1,722
239	(42,883)	(42,644)	Taxation & Non-Specific Grant Income		11	269	(49,171)	(48,902)
<b>66,415</b>	<b>(66,558)</b>	<b>(143)</b>	<b>(Surplus) / Deficit on Provision of Services</b>			<b>70,901</b>	<b>(75,320)</b>	<b>(4,419)</b>
		(1,475)	Surplus on Revaluation of property, plant and equipment					(2,375)
		(10,229)	Re-measurements of the net defined benefit liability (asset)					15,625
		<b>(11,704)</b>	<b>Other Comprehensive (Income) &amp; Expenditure</b>					<b>13,250</b>
		<b>(11,847)</b>	<b>Total Comprehensive (Income) &amp; Expenditure</b>					<b>8,831</b>

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or Deficit on the Provision of Services line shows the true cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement, page 18. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase or Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council, for more detailed movements, see Note 13.

	General Fund Balance £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Useable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance 1 April 2020</b>	<b>9,281</b>	<b>14,485</b>	<b>1,517</b>	<b>6,442</b>	<b>31,725</b>	<b>12,168</b>	<b>43,891</b>
Reporting of Schools Budget Deficit to new Adjustment Account at 01 April 2020	-	267	-	-	267	(267)	-
<b>Restated Balance at 01 April 2020</b>	<b>9,281</b>	<b>14,752</b>	<b>1,517</b>	<b>6,442</b>	<b>31,990</b>	<b>11,901</b>	<b>43,891</b>
Surplus / (Deficit) on Provision of Services	4,419	-	-	-	<b>4,419</b>	-	<b>4,419</b>
Other Comprehensive Income & Expenditure	-	-	-	-	-	(13,250)	<b>(13,250)</b>
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>4,419</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,419</b>	<b>(13,250)</b>	<b>(8,831)</b>
Adjustments between accounting basis and funding basis under regulations (Note 13)	2,472	170	(75)	742	3,310	(3,310)	-
<b>Net Increase/(Decrease) before transfers to or from Earmarked Reserves</b>	<b>6,891</b>	<b>170</b>	<b>(75)</b>	<b>742</b>	<b>7,729</b>	<b>(16,560)</b>	<b>(8,831)</b>
Transfers to / (from) Reserves	(4,659)	4,659	-	-	-	-	-
<b>Increase/(Decrease) in 2020/21</b>	<b>2,232</b>	<b>4,829</b>	<b>(75)</b>	<b>742</b>	<b>7,729</b>	<b>(16,560)</b>	<b>(8,831)</b>
<b>Balance 31 March 2021</b>	<b>11,513</b>	<b>19,581</b>	<b>1,442</b>	<b>7,184</b>	<b>39,719</b>	<b>(4,659)</b>	<b>35,060</b>

	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Useable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance 1 April 2019</b>	<b>8,964</b>	<b>12,575</b>	<b>1,442</b>	<b>6,607</b>	<b>29,588</b>	<b>2,459</b>	<b>32,047</b>
<i>Surplus / (Deficit) on Provision of Services</i>	143	-	-	-	143	-	143
<i>Other Comprehensive Income &amp; Expenditure</i>	-	-	-	-	-	11,704	11,704
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143</b>	<b>11,704</b>	<b>11,847</b>
<i>Adjustments between accounting basis and funding basis under regulations (Note 13)</i>	854	1,230	75	(165)	1,994	(1,995)	-
<b>Net Increase/(Decrease) before transfers to or from Earmarked Reserves</b>	<b>997</b>	<b>1,230</b>	<b>75</b>	<b>(165)</b>	<b>2,137</b>	<b>9,709</b>	<b>11,847</b>
<i>Transfers to / (from) Reserves</i>	(680)	680	-	-	-	-	-
<b>Increase/(Decrease) in 2019/20</b>	<b>317</b>	<b>1,910</b>	<b>75</b>	<b>(165)</b>	<b>2,137</b>	<b>9,709</b>	<b>11,847</b>
<b>Balance 31 March 2020</b>	<b>9,281</b>	<b>14,485</b>	<b>1,517</b>	<b>6,442</b>	<b>31,725</b>	<b>12,168</b>	<b>43,891</b>



## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserve are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes the reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement, page 19, line 'Adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2020 £000 (Restated – see Note 39)</b>	<b>Balance Sheet</b>	<b>Notes</b>	<b>31 March 2021 £000</b>
71,814	Property, Plant & Equipment	17	75,074
384	Intangible Assets	23	183
149	Long Term Debtors	22	132
<b>72,347</b>	<b>Long Term Assets</b>		<b>75,389</b>
107	Inventories (Salt Stocks)		83
33,180	Short Term Investments	15	33,570
3,299	Short Term Debtors	22	7,624
5,313	Cash & Cash Equivalents	29	8,707
<b>41,899</b>	<b>Current Assets</b>		<b>49,984</b>
(7,100)	Short Term Creditors	24	(9,240)
(1,112)	Provisions	25	(1,406)
<b>(8,212)</b>	<b>Current Liabilities</b>		<b>(10,646)</b>
(22,183)	Long Term Borrowing	15	(22,115)
(39,960)	Other Long-Term Liabilities	31	(57,552)
<b>(62,143)</b>	<b>Long Term Liabilities</b>		<b>(79,667)</b>
<b>43,891</b>	<b>Net Assets</b>		<b>35,060</b>
(31,723)	Usable Reserves	13	(39,718)
(12,168)	Unusable Reserves	13	4,658
<b>(43,891)</b>	<b>Total Reserves</b>		<b>(35,060)</b>

# Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council.

<b>31 March 2020 £000</b>	<b>Cash Flow Statement</b>	<b>Notes</b>	<b>31 March 2021 £000</b>
(143)	Net (Surplus)/Deficit on the Provision of Services		(4,419)
(7,942)	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	26	(2,884)
3,972	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	1,587
<b>(4,113)</b>	<b>Net Cash Flow from Operating Activities</b>		<b>(5,716)</b>
2,283	Investing Activities	27	(404)
166	Financing Activities	28	2,726
<b>(1,664)</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(3,394)</b>
(3,649)	Cash and cash equivalents at the beginning of the reporting period	29	(5,313)
<b>(5,313)</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	29	<b>(8,707)</b>

# Notes to the Accounts

## 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax, and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the councils directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Status

<i>Net Expenditure Chargeable to the General Fund</i>	<i>2019/20 Adjustments between Funding Basis and Accounting Basis</i>	<i>Net Expenditure in the CIES</i>	<i>Expenditure and Funding Analysis</i>	<i>Net Expenditure Chargeable to the General Fund</i>	<i>Move Covid-19 Income &amp; Expenditure into/out of Service Lines as CIES</i>	<i>2020/21 Adjustments between Funding basis and Accounting Basis</i>	<i>Net Expenditure in the CIES</i>
£000	£000	£000		£000		£000	£000
18,259	1,160	19,419	People	18,347	(753)	808	18,402
12,660	720	13,380	Places	13,677	(2,104)	2,784	14,357
6,430	365	6,795	Resources	7,295	(284)	307	7,318
			*COVID-19 Costs as in Outturn report	1,824	(1,824)	-	-
			*COVID-19 Grants as in Outturn report	(4,988)	4,988	-	-
<b>37,349</b>	<b>2,245</b>	<b>39,594</b>		<b>36,155</b>	<b>23</b>	<b>3,899</b>	<b>40,077</b>
-	1,082	1,082	Other Operating Expenditure	-	2,298	386	2,684
1,250	575	1,825	Financing & Investment Income & Expenditure	1,391	-	331	1,722
(38,912)	(3,732)	(42,644)	Taxation & Non-Specific Grant Income	(39,778)	(2,321)	(6,803)	(48,902)
<b>(313)</b>	<b>170</b>	<b>(143)</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(2,232)</b>	<b>-</b>	<b>(2,187)</b>	<b>(4,419)</b>
<b>(8,964)</b>			Opening General Fund Balance	<b>(9,277)</b>			
<b>(313)</b>			(Surplus) / Deficit on Provision of Services	<b>(2,232)</b>			
<b>(9,277)</b>			<b>Closing General Fund Balance</b>	<b>(11,509)</b>			

2019/20				2020/21					
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Total Adjustments	Adjustments from General Fund to arrive at the CIES Amounts	Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Differences	Covid-19 Differences	Total Adjustments
£000	£000	£000	£000		£000	£000	£000		£000
(88)	1,006	242	1,160	People	264	548	(4)	(753)	55
224	485	11	720	Places	2,521	262	1	(2,104)	680
20	431	(86)	365	Resources	180	227	(100)	(284)	23
				*Covid 19 Costs				(1,824)	(1,824)
				*Covid 19 Grants				4,988	4,988
<b>156</b>	<b>1,922</b>	<b>167</b>	<b>2,245</b>	<b>Cost of Services</b>	<b>2,965</b>	<b>1,037</b>	<b>(103)</b>	<b>23</b>	<b>3,922</b>
244	-	838	1,082	Other Operating Expenditure	(74)		459	2,298	2,684
(614)	1,173	16	575	Financing & Investment Income & Expenditure	(615)	930	16		331
(4,473)	-	701	(3,772)	Taxation & Non- Specific Grant Income	(10,221)		3,418	(2,321)	(9,124)
<b>(4,687)</b>	<b>3,095</b>	<b>1,722</b>	<b>130</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(7,945)</b>	<b>1,976</b>	<b>3,790</b>	<b>-</b>	<b>(2,187)</b>

\*In the Outturn figures reported to Council, COVID-19 Costs & Grants are shown separately to normal service expenditure to demonstrate the impact of the pandemic. However, in the CIES they are included within service lines, and within the Other Operating Expenditure and Taxation & Non-Specific Grant Income line, to meet with accounting requirements. In the two tables above adjustments include moving Covid-19 Income & Expenditure to the correct places within the CIES.

i. Adjustments for Capital Purposes: Depreciation, impairment charges and revaluation gains and losses are included within the net cost of services.

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Finance and investment income and expenditure – the statutory charges for capital financing, i.e., Minimum Revenue Provision (MRP) and other revenue contributions, are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices (GAAP); and

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under GAAP. Revenue grants are adjusted from those receivable during the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied within the year.
- ii. Net Change for Pension Adjustments The removal of pension contributions and the addition of the IAS 19 Employee Benefits pension related expenditure and income are reflected as follows.
- For the net cost of services – the removal of the employer pension contributions made by the Council as determined by statute and their replacement with current service costs and past service costs; and
  - For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement (CIES)
- iii. Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute are set out below:
- For financing and investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
  - For taxation and non-specific grant income - the charge represents the difference between what is chargeable under statute for Council Tax and Business Rates that was forecast to be received at the start of the year, and the income recognised under the Code of Practice. This is a timing difference as any difference is brought forward in the surpluses or deficits on the Collection Fund.

2019/20	Expenditure / Income Analysed by Type	2020/21
£000		£000
	<b>Expenditure</b>	
19,714	Employee Benefits	19,583
40,205	Other Service Expenditure	42,700
3,543	Capital Charges	5,843
2,205	Interest Payments	1,979
746	Precepts and Levies	796
(136)	Gain on the Disposal of Assets	-
<b>66,277</b>	<b>Total Expenditure</b>	<b>70,901</b>
	<b>Income</b>	
(6,007)	Fee, Charges and other Service Income	(4,763)
(397)	Interest & Investment Income	(257)
(38,840)	Income from Council Tax and Business Rates	(40,037)
(21,176)	Government Grants & Contributions	(30,184)
	Gain on the Disposal of Assets	(79)
<b>(66,420)</b>	<b>Total Income</b>	<b>(75,320)</b>
<b>(143)</b>	<b>Total</b>	<b>(4,419)</b>

COVID-19 grant income amounting to £7.729m and expenditure amounting to £3.026m are included in the CIES in the appropriate service lines, but also in the Other Operating Expenditure line and the Taxation & Non-Specific Grant Income line. The first table below shows the impact on the CIES of all amounts relating to COVID-19.

<b>Covid Impact on the CIES</b>	<b>Net Expenditure in the CIES</b>	<b>Remove COVID-19 Expenditure</b>	<b>Remove COVID-19 Grant Income</b>	<b>Remaining Net Council Expenditure</b>
<b>Line in Comprehensive Income &amp; Expenditure Statement</b>	<b>‘£000</b>	<b>‘£000</b>	<b>‘£000</b>	<b>‘£000</b>
People	18,402	(872)	1,732	19,262
Places	14,357	(22)	204	14,539
Resources	7,318	-	119	7,437
<b>Cost of Services</b>	<b>40,077</b>	<b>(894)</b>	<b>2,055</b>	<b>41,238</b>
Other Operating Expenditure	2,684	(1,969)	103	818
Financing & Investment Income & Expenditure	1,722	-	-	1,722
Taxation & Non-Specific Grant Income	(48,902)	(163)	5,271	(43,794)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(4,419)</b>	<b>(3,026)</b>	<b>7,429</b>	<b>(16)</b>
Surplus on Revaluation of property, plant, and equipment	(2,375)	-	-	(2,375)
Re-measurements of the net defined benefit liability (asset)	15,625	-	-	15,625
<b>Other Comprehensive (Income) &amp; Expenditure</b>	<b>13,250</b>	<b>-</b>	<b>-</b>	<b>13,250</b>
<b>Total Comprehensive (Income) &amp; Expenditure</b>	<b>8,831</b>	<b>(3,026)</b>	<b>7,429</b>	<b>13,234</b>

The outturn reported to Council shows Covid-19 expenditure of £1,824m and income of £4,988m. The differences between reported outturn figures and the figures included in the CIES are due to adjustments required to meet with accounting requirements. The table below explains the differences

	<b>COVID-19 Figures in Outturn Report</b>	<b>COVID-19 Figures in CIES</b>	<b>Difference</b>	<b>Explanation</b>
	£	£	£	
Income	(4,988)	(7,429)	(2,441)	A large amount of grant funding has been provided by central government to support local businesses. Where the Council has discretion as to how this funding is used, and the amounts to be given to individual businesses, this funding must be included in the CIES as income, but is not included in the outturn report as it is not funding for council-provided services
Expenditure	1,824	3,026	1,202	The majority of the higher level of expenditure shown in the CIES relates to the grants provided to businesses. Similarly, to the grants received, this must be shown as expenditure in the CIES but is not included in the outturn report as is it not expenditure on Council-provided services.

It should also be noted that the outturn report does not include any year-end accounting adjustments.



## 2. Members Allowances

The following amounts were paid to members of the Council.

2019/20 £000	Members Allowances	2020/21 £000
100	Basic allowances	139
64	Special responsibility allowances	107
10	Expenses	1
<b>174</b>	<b>Members allowances</b>	<b>247</b>

## 3. Related Parties

The authority is required to disclose material transactions with related parties, i.e., bodies or individuals that have the potential to control or influence the authority or to be controlled or influenced by it. Disclosure of these transactions allows readers to assess the extent to which the authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

### Central Government

Central Government has effective influence over the general operations of the authority; it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants, and prescribes the terms of many of the transactions that the authority has with other parties, e.g., council tax bills and housing benefits. Grants received from Government departments are set out in the subjective analysis in Note 1 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2021 are shown in Note 12.

### Members of the Council

Members of the Council have direct control over the authority's financial and operating policies. The total of Members allowances paid in 2020/21 is shown in Note 2. During 2020/21, no significant works and services were commissioned from parties where Members had an interest.

Grants and other exchanges were made between the authority and a number of voluntary organisations upon which the authority's Members served as trustees or similar. In most cases Members had been appointed by the authority to the organisation concerned to represent the authority's interests and oversee the use of the authority's funds.

Members make an annual declaration of and declare interests in any items under discussion at meetings of the Council or any of its committees or panels or Cabinet. Details of all these transactions are recorded in the Register of Members Interests, which is open to public inspection at the council offices during office hours and can be viewed on the Council's website.

### Officers of the Council

Officers who have any influence over the authority's financial operations are required to make an annual declaration of any material transactions they or their immediate family have with the authority. There were no transactions in 2020/21 that are considered material and would require their disclosure.

#### 4. Officers Remuneration

The following table shows the remuneration paid to the Council's senior employees, either those who report to the head of paid service (Chief Executive) or officers who hold statutory positions.

Officers Remuneration	Year	Salary	Agency/ Recharge	Expense Allowance	Pension Contribution	Total
Chief Executive (1)	2020/21	58,311	-	-	11,371	69,682
	2020/21	88,198	-	-	17,199	105,397
	2019/20	132,664	-	316	31,441	164,421
Strategic Director of Peoples (2)	2020/21	34,847	-	-	6,795	41,642
	2019/20	102,280	-	959	24,240	127,479
Director of Adult Services (3)	2020/21	58,890	-	-	11,483	70,373
	2019/20	-	-	-	-	-
Director of Childrens Services (3)	2020/21	58,875	-	-	11,481	70,356
	2019/20	-	-	-	-	-
Strategic Director of Places (4)	2020/21	92,693	-	-	18,075	110,768
	2019/20	106,432	-	403	16,482	123,317
Director of Resources	2020/21	92,693	-	-	18,075	110,768
	2019/20	87,050	-	-	20,631	107,681
Deputy Director of Resources	2020/21	81,788	-	-	15,949	97,737
	2019/20	78,007	-	-	18,488	96,495
Director of Public Health (5)	2020/21	-	37,464	-	-	37,464
	2019/20	-	36,456	-	-	36,456
Head of Communications	2020/21	68,652	-	-	13,387	82,039
	2019/20	66,815	-	-	15,835	82,650
<b>TOTAL</b>	<b>2020/21</b>	<b>634,947</b>	<b>37,464</b>	<b>-</b>	<b>123,815</b>	<b>796,226</b>
	2019/20	580,766	36,456	1,678	128,899	747,799

(1) Chief Executive resigned during 2020/21 and an Interim Chief Executive was appointed.

(2) Strategic Director of Peoples was appointed as Interim Chief Executive during 2020/21.

(3) Interim Strategic Director of Adults and Interim Strategic Director of Childrens appointed during 2020/21 following the appointment of the Strategic Director Peoples to Interim Chief Executive.

(4) The Strategic Director of Places left during 2019/20. Salary includes compensation for loss of office.

(5) The Director of Public Health is shared with Leicestershire County Council. Rutland County Council is recharged a proportion of the salary costs.

All details of the movement of employees between posts is included at the top of page 3 in the Narrative Report.

The number of employees whose remuneration, including lump sum retirement payments but not any associated pension strain, was £50,000 or more in bands of £5,000 is shown below.

2019/20 Number of Employees	Remuneration Bands	2020/21 Number of Employees
6	£50,000 - £54,999	2
3	£55,000 - £59,999	5
6	£60,000 - £64,999	4
2	£65,000 - £69,999	4
2	£70,000 - £74,999	2
1	£75,000 - £79,999	1

## 5. Termination Benefits

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

(a) Exit package cost band (including special payments)  £	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band ((b)+(c))		(e) Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
0 – 20,000	3	1	1	1	4	2	36,519	4,465
20,001 – 40,000	1	-	-	-	1	-	23,172	-
40,001 – 60,000	-	-	1	-	1	-	53,803	-
<b>Total cost included in the bandings and in the CIES</b>							113,494	4,465

The total cost of £4,465 in the table above has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

## 6. External Audit Costs

The Council has incurred the following cost in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors, Grant Thornton UK LLP.

2019/20 £000	External Audit Costs	2020/21 £000
56	*Fees payable with regard to external audit services carried out by the appointed auditor for the year	77
7	Fees payable for the certification of grant claims and returns for the year	14
1	Fees payable in respect of other services provided by the appointed auditor during the year	-
<b>64</b>	<b>Total</b>	<b>91</b>

\*

\*The fees in the above note reflect the agreed fees as per the Audit Plan. The council also paid £8k in 2020/21 towards additional costs incurred on the 2019/20 audit as a direct result of the pandemic.

## 7. Dedicated Schools Grant (DSG)

Details of the deployment of DSG receivable for 2020/21 and for the previous financial year, 2019/20 follows:

<b>Schools Budget Funded by Dedicated Schools Grant</b>	<b>Central Expenditure £000</b>	<b>Individual School Budget (ISB) £000</b>	<b>Total £000</b>
Final DSG for 2020/21 before Academy Recoupment			(31,486)
Academy Figure Recouped for 2020/21			23,522
Total DSG after Academy recoupment for 2020/21			(7,964)
Brought Forward from 2019/20			268
Agreed initial budgeted distribution in 2020/21	(4,102)	(3,594)	(7,696)
<b>Final budgeted distribution 2020/21</b>	<b>(4,102)</b>	<b>(3,594)</b>	<b>(7,696)</b>
Less actual central expenditure	4,910		4,910
Less actual ISB deployed to schools		3,174	3,174
<b>Carry forward to 2021/22</b>	<b>808</b>	<b>(420)</b>	<b>388</b>

The authority's expenditure on schools is funded primarily by grant i.e., the Dedicated Schools Grant (DSG) which is provided by the Department for Education. An element of DSG is recouped by the Department to fund academy schools within the council's area.

DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations. The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. The deficit carry-forward for 2020/21 is £388k this can be broken down further into the £19k Surplus on the Schools Block, £118k Surplus on the Early Years Block, £51k Surplus on the Central Services to School Block and a deficit of £576k on the High Needs Block. This deficit is shown within a new unusable reserve on the balance sheet.

<b>Schools Budget Funded by Dedicated Schools Grant</b>	<b>Central Expenditure £000</b>	<b>Individual School Budget (ISB) £000</b>	<b>Total £000</b>
Final DSG for 2019/20 before Academy Recoupment			(29,355)
Academy Figure Recouped for 2019/20			21,845
Total DSG after Academy recoupment for 2019/20			(7,510)
Brought Forward from 2018/19			111
Agreed initial budgeted distribution in 2019/20	(3,966)	(3,432)	(7,398)
In year Adjustments		(117)	(117)
<b>Final budgeted distribution 2019/20</b>	<b>(3,966)</b>	<b>(3,549)</b>	<b>(7,515)</b>
Less actual central expenditure	3,193	-	3,193
Less actual ISB deployed to schools	-	4,590	4,590
<b>Carry forward to 2020/21</b>	<b>(773)</b>	<b>1,041</b>	<b>268</b>

## 8. Pooled Funds

Under the terms of a Section 75 Agreement (Health Act 2006), the authority's social services department has entered into a pooled budget arrangement for the supply of aids for daily living with Leicester City Council, Leicestershire County Council and the three Clinical Commissioning Groups covering the area. Leicester City Council acts as the host authority. The total income to the pool for 2020/21 was £5.895 million (£5.482 million 2019/20) of which Rutland County Council contributed £0.07 million (£0.07 million 2019/20). Total expenditure from the pool was £5.895 million (£5.482 million 2019/20).

### **Better Care Fund (BCF) – Pooled Budget**

From 1 April 2020 the Council entered into a £2.926m pooled budget arrangement (section 75 agreement) for the Better Care Fund. Officers and Members of the Council are working across Leicester, Leicestershire and Rutland (LLR) to integrate reform and transform services. This is a budget to improve the ways health services and social care services work together, starting with services for older people and people with long term conditions. The Council and East Leicestershire and Rutland Clinical Commissioning Group (ELRCCG) have agreed a Better Care Fund plan; this has been fully approved by NHS England.

The contributions from the Council are shown in the Peoples Directorate line in the Comprehensive Income and Expenditure Statement.

The Council is holding £1.074m (£427k 2019/20) in a BCF earmarked reserve which will be spent on BCF projects in future years.

<b>2019/20</b>	<b>Better Care Fund</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
	<b>Funding Provided to the Pool</b>	
2,252	East Leicestershire and Rutland Clinical Commissioning Group (ELRCCG)	2,368
451	Rutland County Council	483
236	Use of Reserves	75
<b>2,939</b>	<b>Total Funding</b>	<b>2,926</b>
	<b>Expenditure For BCF Purposes</b>	
260	Unified Prevention Offer	262
1,224	Holistic Management of Health and Wellbeing in the Community	1,224
1,056	Hospital Flows	975
82	Enablers	80
<b>2,622</b>	<b>Total Expenditure for BCF Purposes</b>	<b>2,541</b>
	<b>Expenditure Repayment of Funds (In-line with Section 75 Agreement)</b>	
93	ELRCCG	93
-	Additional Contribution from CCG	300
<b>93</b>	<b>Total Expenditure Repayment of Funds (In-line with Section 75 Agreement)</b>	<b>393</b>
<b>224</b>	<b>Surplus/ (Deficit) on Fund</b>	<b>778</b>
	<b>Share of Surplus / (Deficit)</b>	
(28)	ELRCCG	424
252	RCC	354
<b>224</b>	<b>Surplus/ (Deficit) on Fund</b>	<b>778</b>

I certify that the above pooled budget memorandum account accurately discloses the expenditure incurred

Mr S Della Rocca  
Strategic Director - Resources (CFO)

## 9. Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2019/20 £000	Other Operating Expenditure	2020/21 £000
746	Parish Council Precepts	796
93	External Levies	96
243	Net (Gains)/Losses on Disposal of Non-Current Assets	(74)
-	Covid Expenditure*	1,866
<b>1,082</b>	<b>Total</b>	<b>2,684</b>

\*Expenditure is included in the Other Operating Expenditure line in the Comprehensive Income & Expenditure Statement that relates to Covid 19. It is spending that cannot be attributed to specific service lines.

## 10. Comprehensive Income and Expenditure Statement – Financing & Investment Income & Expenditure

2019/20 £000	Financing & Investment Income & Expenditure	2020/21 £000
1,049	Interest payable & similar charges	1,049
1,156	Net interest on the net defined benefit liability (asset)	930
17	Past Service Cost (Including Curtailments)	-
(397)	Interest receivable and similar income	(257)
<b>1,825</b>	<b>Total</b>	<b>1,722</b>

## 11. Comprehensive Income and Expenditure Statement – Taxation & Non-Specific Grant Income

2019/20 £000	Taxation & Non-Specific Grant Income	2020/21 £000
27,235	Council Tax income	28,453
4,322	Retained business rates income	1,876
<b>31,557</b>	<b>Total Taxation Income</b>	<b>30,329</b>
	Non-specific grants	
1,052	Small Business Rate Relief (Section 31)	3,381
1,148	New Homes Bonus	967
2,220	Better Care Fund (including iBCF)	2,880
848	Rural Delivery Grant	848
848	Covid-19 Grants*	5,108
913	Other	901
<b>7,029</b>	<b>Total Non-Specific Grants</b>	<b>14,085</b>
906	Section 106 Contributions	447
552	Hawkesmead Infrastructure Agreement	-
2,600	Capital Receipts, Grants & Contributions	4,041
<b>4,058</b>	<b>Total Other Income</b>	<b>4,488</b>
<b>42,644</b>	<b>Total</b>	<b>48,902</b>

\*Grant income is included in the Taxation and Non-Specific Grant Income line in the Comprehensive Income & Expenditure Statement that relates to Covid 19. It is income that cannot be attributed to specific service lines. In the table below, showing Grant Income Credited to Services, COVID-19 income that does relate to specific services is shown. The total amount of Covid-19 grant income from the two tables is £7.429m as shown in Note 1

## 12. Grant Income

In addition to the grants shown above the authority credited the following grants, contributions and donations within the Comprehensive Income and Expenditure Statement in 2020/21

2019/20 £000	Credited to Services	2020/21 £000
51	School Sport Partnership	24
3,996	Housing Benefit Subsidy	3,877
53	Benefits Administration Subsidy	18
494	Adult Learning (Various)	425
7,628	*Dedicated Schools Grant ( <i>note 7</i> )	7,939
132	Unaccompanied Asylum-Seeking Children	101
1,258	Public Health	1,313
93	Teachers' Pension Grant	102
50	School Improvement and Brokering	54
85	Homelessness Grant	51
91	Garden Village Funding	54
61	Revenues	61
92	SEND Grant	0
41	Armed Forces Covenant	37
69	Bus Service Operator	381
98	Elections	39
168	Pupil Premium	219
103	Troubled Families Programme	87
66	Universal Infant Free School Meals	71
-	Home to School Transport	121
-	Covid 19 Grants	2,321
255	Other Grants	400
<b>14,884</b>	<b>Total</b>	<b>17,695</b>

\*The amount of Dedicated Schools Grant shown above is £24k more than the budgeted income shown in Note 7, due to an Early Years adjustment.

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned if they are not used in accordance with those conditions. These grants are included within Creditors. The balances at the year-end are as follows:

2019/20 £000	Revenue Grants & Contributions - Receipts in Advance	2020/21 £000
9	MOD Covenant Grant	-
21	Resolving Parental Conflict	-
-	Ageing Well	46
-	Transport Grant	50
-	Changing Lives	164
-	Children's Centres	98
30	Improving Access to Psychological Therapies	29
30	Previous Looked after Children	-
71	Troubled Families	-
-	Domestic Abuse Grant	50
-	Covid 19 Grants	156
22	Other Grants	23
<b>183</b>	<b>Total</b>	<b>616</b>



The authority credited the following capital grants, contributions and donations within the Comprehensive Income and Expenditure Statement in 2020/21:

2019/2020 £000	Capital Grants & Contributions	2020/21 £000
154	Schools Capital Maintenance	226
1,855	Highways Capital Maintenance	1,535
458	Highways Integrated Transport	458
-	Highways Incentive Funding	320
-	Pothole Action Funding	1,295
11	Devolved Formula Capital	11
238	Better Care Fund (BCF)	270
139	Heritage Lottery Funding	91
516	Special Funding Provision (SEND)	167
-	*Covid 19 Capital Grants	34
-	Digital Rutland Funding	1,589
-	Other Grants & Contributions	896
<b>3,371</b>	<b>Total</b>	<b>6,892</b>

\*The COVID-19 Capital grants shown above are included within the Taxation & Other Non-Specific Income line in the CIES

During 2020/21 the government provided grant funding to support businesses and individuals that were affected by the COVID-19 pandemic. The majority of the funding provided was to be “passported” directly to recipients with the Council simply acting as an agent of central government. For these grants, central government determined the criteria to be met to be eligible for funding and also set the amounts to be awarded. All of the grant funding passed on in this way has been removed from the Council’s Statement of Accounts, as it is not the Council’s income or expenditure.

Only grant funding where the Council had discretion as to its use is included in the Statement of Accounts. In this case the Council was acting as principal. See Note 1 – Expenditure & Funding Analysis on page 26 for details of these amounts.

### 13. Movement in Reserves Statement - Adjustments Between Accounting Basis & Funding Basis Under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

- **General Fund Balance** - is the statutory fund into which all the receipts of an authority are required to be paid in and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.
- **Capital Receipts Reserve** – holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure.
- **Capital Grants Unapplied Account** – holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance

is not restricted by grant terms as to the capital expenditure against which it can be applied and / or the financial year in which this can take place.

**Usable Reserves** are those reserves that can be applied to fund expenditure or reduce local taxation; however, the Council is restricted in the use of these as the schools balances are held by schools and can only be spent by schools. The Capital Grants Unapplied Account can only be used to finance the Capital Programme and the General Fund is used by the Council to maintain a prudent level of reserves.

**Unusable Reserves** are those reserves that absorb the timing differences arising from different accounting arrangements.

### Summary of Usable and Unusable Reserves

<b>31 March 2020 £000</b>	<b>Summary of Usable &amp; Unusable Reserves</b>	<b>1 April 2020 £000</b>	<b>Movement £000</b>	<b>31 March 2021 £000</b>
	<b>Usable Reserves</b>			
9,277	General Fund Balance	9,277	2,232	11,509
408	*School Balances	*676	(51)	625
14,078	Specific Reserves (Note 14)	14,078	4,880	18,958
1,518	Capital Receipts Reserve	1,517	(75)	1,442
6,442	Capital Grants	6,442	742	7,184
<b>31,723</b>	<b>Total Usable Reserves</b>	<b>31,990</b>	<b>7,729</b>	<b>39,719</b>
15,168	Revaluation Reserve	15,168	2,184	17,352
37,119	Capital Adjustment Account	37,119	1,570	38,689
23	Deferred Capital Receipts	23	(10)	13
44	Financial Instruments Adjustment Account	44	(16)	28
(39,960)	Pension Fund Reserve	(39,960)	(17,592)	(57,552)
(24)	Collection Fund Adjustment Account	(24)	(2,582)	(2,606)
(202)	Accumulating Compensated Absences Adjustment Account	(202)	7	(195)
-	Dedicated Schools Grant Adjustment Account	(267)	(121)	(388)
<b>12,168</b>	<b>Total Unusable Reserves</b>	<b>11,901</b>	<b>(16,560)</b>	<b>(4,659)</b>
<b>43,891</b>	<b>Total Reserves</b>	<b>43,891</b>	<b>(8,831)</b>	<b>35,060</b>

\*From 1<sup>st</sup> April 2020 a new regulation requires that any deficit on the Schools budget in relation to the Dedicated Schools Grant is transferred to a new unusable reserve – the Dedicated Schools Grant Adjustment Account. As at 1 April 2020, the brought forward deficit of £267k was transferred to the new reserve. This has no overall impact on the Balance Sheet as the deficit has moved between usable and unusable reserves.

Adjustments between Accounting Basis & Funding Basis Under Regulations 2020/21	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	
<b>Adjustments primarily involving the capital adjustment account:</b>					
<u>Reversal of items debited or credited to the CIES:</u>					
Charges for depreciation and impairment of non-current assets	2,530	-	-	-	(2,530)
Revaluation losses on Property, Plant and Equipment	58	-	-	-	(58)
Capital grants & contributions applied	(6,053)	-	(215)	(62)	6,330
Capital Receipts Applied	(89)	(90)	-		179
Revenue expenditure funded from capital under statute	3,222	-	-	-	(3,222)
Amounts of non-current assets written off on derecognition		-	-	-	
Statutory provision for the financing of capital investment	(719)	-	-	-	719
Capital expenditure charged against the general fund	-	-	-	-	-
<b>Adjustment primarily involving the Capital Grants Unapplied Accounts</b>					
Capital grants & contributions unapplied	(824)	-	-	824	-
<b>Adjustments primarily involving the Capital Receipts Reserve</b>					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal	15				(15)
Transfer from Deferred Capital Receipts Reserve upon receipt of cash					
Repayment of Capital Loan	19	5			(24)
Use of the Capital Receipts Reserve to finance new capital expenditure					
<b>Adjustment primarily involving the Section 106 Reserve</b>					
Section 106 contributions unapplied transferred to reserves	(426)		446	(20)	
Use of the Section 106 reserves to finance revenue expenditure	61		(61)		
<b>Adjustment primarily involving the Deferred Capital Receipt Reserve</b>					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Account		10			(10)
<b>Adjustments primarily involving the Oakham North Reserve</b>					
Oakham North contributions unapplied					
<b>Adjustments primarily involving the Financial Instruments Account</b>					
Amount by which finance costs charged to the CIES are different from finance costs in accordance with statutory requirements	16				(16)
<b>Adjustment primarily involving the Pension Reserve</b>					

Adjustments between Accounting Basis & Funding Basis Under Regulations 2020/21	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	
Reversal of items relating to retirement benefits debited or credited to the CIES	(3,199)				3,199
Employer's pension contributions and direct payments to pensioners payable in the year	5,166				(5,166)
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>					
Amount by which council tax income is different from income calculated in accordance with statutory requirements	2,581				(2,581)
<b>Adjustments primarily involving the Accumulated Absences Account</b>					
Amount by which remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(7)				7
<b>Adjustments primarily involving the Dedicated Schools Grant Adjustment Account</b>					
Reporting of Schools Budget Deficit to unusable reserves	121				(121)
<b>Total Adjustments</b>	<b>2,472</b>	<b>(75)</b>	<b>170</b>	<b>742</b>	<b>(3,310)</b>

Adjustments between Accounting Basis & Funding Basis Under Regulations 2019/20	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	
Adjustments primarily involving the capital adjustment account:					
Reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment of non-current assets	2,379	-	-	-	(2,379)
Revaluation losses on Property Plant and Equipment	(2)	-	-	-	2
Capital grants & contributions applied	(2,769)		(177)	(587)	3,533
Capital Receipts Applied	(128)	-	-	-	128
Revenue expenditure funded from capital under statute	767	-	-	-	(767)
Amounts of non-current asset written off on disposal of sale	390	-	-	-	(390)
Statutory provision for the financing of capital investment	(719)	-	-	-	719
Capital expenditure charged against the general fund	(406)	-	-	-	406
Adjustment primarily involving the Capital Grants Unapplied Accounts					
Capital grants & contributions unapplied	(422)	-	-	422	-
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal	(18)	18	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	10	-	-	(10)
Repayment of Capital Loan	-	48	-	-	(48)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-
Adjustment primarily involving the Section 106 Reserve					
Section 106 contributions unapplied transferred to reserves	(895)	-	895	-	-
Use of the Section 106 reserves to finance revenue expenditure	49	-	(49)	-	-
Adjustment primarily involving the Deferred Capital Receipt Reserve					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Account	-	-	-	-	-
Adjustments primarily involving the Oakham North Reserve					
Oakham North contributions unapplied	(551)	-	551	-	-
Adjustments primarily involving the Financial Instruments Account					
Amount by which finance costs charged to the CIES are different from finance costs in accordance with statutory requirements	16	-	-	-	(16)
Adjustment primarily involving the Pension Reserve					

<b>Adjustments between Accounting Basis &amp; Funding Basis Under Regulations 2019/20</b>	<b>Usable Reserves</b>				<b>Movement in Unusable Reserves</b>
	<b>General Fund Balance</b>	<b>Capital Receipts Reserve</b>	<b>S106/Oakham North Reserve</b>	<b>Capital Grants Unapplied</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<i>Reversal of items relating to retirement benefits debited or credited to the CIES</i>	(2,817)	-	-	-	2,817
<i>Employer's pension contributions and direct payments to pensioners payable in the year</i>	5,911	-	-	-	(5,911)
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>					
<i>Amount by which council tax income is different from income calculated in accordance with statutory requirements</i>	44	-	-	-	(44)
<b>Adjustments primarily involving the Accumulated Absences Account</b>					
<i>Amount by which remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements</i>	36	-	-	-	(36)
<b>Total Adjustments</b>	<b>865</b>	<b>76</b>	<b>1,220</b>	<b>(165)</b>	<b>(1,996)</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Revaluation Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

<b>2019/20</b>	<b>Revaluation Reserve</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
13,842	Balance 1st April	15,168
2,317	Upward revaluation of assets	2,998
(842)	Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	(623)
(149)	Difference between fair value depreciation and historical depreciation	(191)
-	Accumulated Gain/(Loss) on assets sold or scrapped	-
<b>15,168</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>17,352</b>



## Deferred Capital Receipts Reserve

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

<b>2019/20</b>	<b>Deferred Capital Receipts Reserve</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
33	Balance 1 April	23
(10)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(10)
<b>23</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>13</b>

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

<b>2019/20</b>	<b>Financial Instruments Adjustment Account</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
60	Balance 1 April	44
(16)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(16)
<b>44</b>	<b>Total</b>	<b>28</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on Donated Assets that have yet to be consumed by the Authority.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 13 provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.



<b>2019/20</b>	<b>Capital Adjustment Account</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
35,765	Balance at 1 April	37,119
(2,377)	Charges for depreciation and impairment of non-current assets	(2,530)
-	Revaluation losses on Property, Plant & Equipment	(58)
(776)	Revenue expenditure funded from capital under statute	(3,222)
767	*Grant Funding of Revenue expenditure funded from capital under statute	3,167
(390)	Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(15)
149	Adjusting amounts written out of the Revaluation Reserve	191
128	Use of the Capital Receipts Reserve to finance new capital expenditure and repay debt	179
587	Capital grants and contributions credited to the CIES that have been applied to capital financing	3,035
2,012	*Application of grants to capital financing from the Capital Grants Unapplied Account	62
415	Capital expenditure charged against the general Fund balance	-
719	Statutory provision for the financing of capital investment charged against the General Fund balance	719
(48)	Capital Loans	(24)
167	Use of the s106 Reserve to finance new capital expenditure	65
<b>37,119</b>	<b>Balance at 31 March</b>	<b>38,688</b>

\*£55k of REFCUS expenditure was funded from the Capital Grants Unapplied Account

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However statutory arrangements require benefits earned to be financed as the authority makes employers contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. Statutory arrangements will ensure that funding has been set aside when benefits come to be paid.

<b>2019/20</b>	<b>Pensions Reserve</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
(47,095)	Balance 1 April	(39,960)
10,229	Re-measurements of the net defined benefit liability (asset)	(15,625)
(5,911)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(5,166)
2,817	Employers' pensions contributions and direct payments to pensioners payable in the year	3,199
<b>(39,960)</b>	<b>Total</b>	<b>(57,552)</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20 £000	Collection Fund Adjustment Account	2020/21 £000
20	Balance 1 April	(24)
(44)	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(2,582)
<b>(24)</b>	<b>Total</b>	<b>(2,606)</b>

## Accumulated Absences Account,

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

2019/20 £000	Accumulated Absences Account	2020/21 £000
(166)	Balance 1 April	(202)
166	Settlement or cancellation of accrual made at the end of the preceding year	202
(202)	Amount by which officer remunerations charged to the CIES on an accruals basis is different from the remuneration chargeable in year	(195)
<b>(202)</b>	<b>Total</b>	<b>(195)</b>

## Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account is a new unusable reserve for 2020/21. It has been created to enable separate accounting for any deficits on the Schools budget so that they do not impact on the General Fund or Earmarked Reserves Balances. The account must be used for any deficits for three years from 2020/21 to 2022/23 inclusive.

2019/20 £000	Dedicated Schools Grant Adjustment Account	2020/21 £000
-	Balance 1 April	-
-	Reporting of Schools Budget Deficit to new Adjustment Account	(267)
-	Schools Budget Deficit to in year	(121)
<b>-</b>	<b>Total</b>	<b>(388)</b>

#### 14. Movement in Reserves Statement – Transfer to/from Earmarked Reserves

This note includes the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

<b>General Fund Earmarked Reserves</b>	<b>31 March 2020 £000</b>	<b>Transfers out £000</b>	<b>Transfers In £000</b>	<b>31 March 2021 £000</b>
Invest to Save	(299)	153	(27)	(173)
Internal Audit	(20)	-	-	(20)
Training	(75)	-	-	(75)
Repairs	(127)	-	(214)	(341)
Highways	(523)	30	-	(493)
Public Health	(238)	-	(156)	(394)
Brexit	(266)	-	-	(266)
Tourism	(31)	-	-	(31)
Digital Rutland	(26)	-	-	(26)
National Non-Domestic Rates	(438)	139	(2,474)	(2,773)
Social Care Reserve	(1,365)	27	-	(1,338)
Insurance	(180)	-	-	(180)
Welfare Reserve	(162)	-	-	(162)
Better Care Fund	(427)	-	(527)	(954)
Pressure Reserve	(475)	-	-	(475)
Commuted Sums	(394)	-	(43)	(437)
Rutland Adult Learning	(20)	-	(20)	(40)
Covid 19*	(848)	-	(1,301)	(2,149)
Neighbourhood	(12)	-	-	(12)
Section 106	(4,604)	275	(426)	(4,755)
Oakham North Agreement	(3,212)	-	-	(3,212)
Culture Reserve	-	-	(6)	(6)
Budget Carry Forward	(337)	285	(595)	(647)
<b>Total</b>	<b>(14,079)</b>	<b>909</b>	<b>(5,789)</b>	<b>(18,959)</b>

\*£1,301k has been transferred into the COVID-19 reserve. This money will be used by the Council, during 2021/22 and future years to support recovery from the pandemic. Of the balance £660k will be used to support local businesses.

#### 15. Financial Instruments

##### Categories of Financial Instruments

Allowances for impairment losses have been calculated for amortised cost assets applying the expected credit loss model. Any material changes in loss allowances are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. In 2020/21 the impairment losses are not considered material.

2019/20			Financial Instruments Balances			2020/21		
<b>Non-Current Borrowings</b>	<b>Non-Current Creditors</b>	<b>Current Borrowings</b>		<b>Non-Current Borrowings</b>	<b>Non-Current Creditors</b>	<b>Current Borrowings</b>		
£000	£000	£000	<u>Financial liabilities</u>	£000	£000	£000		
(22,369)	-	(6,942)	Amortised cost	(22,301)	-	(8,330)		
<b>(22,369)</b>	<b>-</b>	<b>(6,942)</b>	<b>Total Financial Liabilities</b>	<b>(22,301)</b>	<b>-</b>	<b>(8,330)</b>		
<b>Non-Current Investments</b>	<b>Non-Current Debtors</b>	<b>Current Investments</b>		<b>Non-Current Investments</b>	<b>Non-Current Debtors</b>	<b>Current Investments</b>		
£000	£000	£000	<u>Financial Assets</u>	£000	£000	£000		
-	149	39,351	Amortised Cost	-	132	43,804		
<b>-</b>	<b>149</b>	<b>39,351</b>	<b>Total Financial Assets</b>	<b>-</b>	<b>132</b>	<b>43,804</b>		

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Gains & Losses Recognised in the Comprehensive Income & Expenditure Statement			
2019/20		2020/21	
<b>Surplus or Deficit on the Provision of Services</b>		<b>Surplus or Deficit on the Provision of Services</b>	
£000	£000	£000	
(397)	<b>Interest Revenue</b>	(257)	
<b>(397)</b>	Total Interest Revenue	<b>(257)</b>	
<b>1,049</b>	Interest Expense	<b>1,049</b>	
<b>1,049</b>	<b>Total Expense in the Surplus/Deficit on the Provision of Services</b>	<b>1,049</b>	

Financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The fair values of financial instruments are calculated as follows:

2019/20		Fair Value of Financial Instruments	2020/21	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£000	£000		£000	£000
21,386	32,070	PWLB Debt	21,386	34,375
840	887	Non PWLB Debt	756	744
2,300	2,300	Short Term Creditors	3,577	3,577
<b>24,526</b>	<b>35,257</b>	<b>Total Financial Liabilities</b>	<b>25,719</b>	<b>38,696</b>
33,000	33,180	Short Term Investments	33,500	33,570
578	305	Short Term Debtors	1,093	762
<b>33,578</b>	<b>33,485</b>	<b>Total Financial Assets</b>	<b>34,593</b>	<b>34,332</b>

## 16. Nature & Extent of Risk Arising from Financial Instruments

### Key Risks

The authority's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the authority
- Liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments.
- Re-financing risk – the possibility that the authority might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk - the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates movements.

### Overall Procedures for Managing Risk

The authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued under the Act.

The authority's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the authority to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and investment guidance issued under the Act.

Overall, these procedures require the authority to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice.
- by approving annually in advance prudential indicators for the following three years limiting:
  - the authority's overall borrowing.
  - its maximum and minimum exposures to fixed and variable interest rates.
  - its maximum and minimum exposures for the maturity structure of its debt.
  - its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These indicators are required to be reported and approved at or before the authority meets to set its annual budget and Council Tax each year. These items are reported with the annual treasury management strategy which outlines the approach to managing risk in relation to the authority's financial instrument exposure. Actual performance is also reported annually to Members. These policies are implemented by

officers in the finance team within the Resources directorate. The authority maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Management Strategy.

No breaches of the authority's counterparty criteria occurred during the reporting period. This risk is minimised through the Annual Investment Strategy, which is available on the authority's website.

The impact of Covid-19 on the counterparty criteria has seen one bank fall outside the minimum criteria required and will no longer be used, other banks have been placed on negative outlooks and/or had a change in their long-term rating but still fall within the minimum required criteria. Long term ratings for Building Societies have been placed on negative outlook but to date there has been no change to these ratings. The ratings of institutions is continually monitored.

### **Credit Risk Management Practices**

The authority's credit risk management practices are set out on pages 17 to 19 of the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit rating from all three credit rating agencies- Fitch, Moody's and Standard & Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £33.5 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits but there was no evidence at 31st March 2021 that this was likely to crystallise.

During the reporting period the council held no collateral as security for trade debts.

### **Liquidity Risk**

The authority has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the Public Works Loans Board provides access to longer term funds, it also acts as a lender of last resort (although it will not provide funding to an authority whose actions are unlawful). The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the Code of Practice.

### **Refinancing and Maturity Risk**



The authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments made for greater than one year in duration are the key parameters used to address this risk. The authority's approved treasury and investment strategies address the main risks and officers in the finance team within the Resources directorate address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the authority's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of long-term financial liabilities is as follows:

<b>2019/20</b>		<b>2020/21</b>
<b>£000</b>	<b>Period</b>	<b>£000</b>
-	Less than one year	-
-	Between one and two years	-
840	Between two and seven years	756
-	Between seven and 15 years	-
21,386	More than 15 years	21,386
<b>22,226</b>	<b>Total</b>	<b>22,142</b>

The maturity analysis of long-term financial assets, excluding sums due from customers is as follows:

<b>Period</b>	<b>£000</b>
Between one and two years	1
Between two and three years	11
More than three years	120
<b>Total</b>	<b>132</b>

All trade and other payables are due to be paid in less than one year and trade debtors totalling £2.04 million are not shown in the table above.

## Market Risk

### Interest rate risk

The authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in fixed interest rates would have the following effects:

- borrowings at fixed rates – the fair value of the borrowing liability will fall (no impact on revenue balances);
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Total Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance. Movements in the fair value of fixed rate investments, which have a quoted market price, will be reflected within the Comprehensive Income and Expenditure Statement. The authority has no financial instruments in these classifications.



The authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the authority's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

Officers in the finance team within the Resources directorate monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

The impact of the reduction in the base rate to 0.10% arising from the Covid-19 pandemic can already be seen; interest rates achieved has reduced from an average of 0.95% in 2019-20 to 0.50% to date in 2020-21, with the average anticipated to fall further. This has been reported as a potential shortfall in interest receivable of £43k in 2020-21. The authority has no variable rate borrowing and therefore the fall in interest rates has no impact on its borrowing. Fixed rate borrowing will continue to be reviewed.

If all interest rates had been 0.25% higher (with all other variables held constant) the financial effect in 2020/21 would be:

Effect	£000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(113)
<b>Total</b>	<b>(113)</b>

The approximate impact of a 0.25% fall in interest rates would be as above but with the movements being reversed.

#### Price risk

The authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates. The authority (excluding the pension fund) has not invested in equity shares or marketable bonds during 2020/21.

## 17. Property, Plant & Equipment

### Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11<sup>th</sup> of March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinion of value. The Council's portfolio can be split into two areas, specialised and non-specialised assets.

The Council's valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards.

#### Specialised Assets

The valuation method for specialised assets is Depreciated Replacement Cost (DRC). As a result, the current value of specialised assets within the portfolio has increased since the previous valuation and this is evidenced by the increase in the BICS (House Rebuilding Cost) index over the last few years. The specialised assets within the Council's portfolio include assets such as the Museum, Castle, Libraries, and the Active Rutland Hub. As at 31<sup>st</sup> March 2021, the net book value for these assets was £19.6 million.

#### Non-Specialised Assets

The method of valuation typically adopted when arriving at an opinion of value of non-specialised assets is the comparable and/or investment methods, to establish fair value or current value as appropriate.

Although the councils professional valuers have deemed that the Councils valuations are not subject to material uncertainty, the table below illustrates the possible impact of COVID-19 on Rutland County Council's non-specialised assets should the net book value be reduced by 10%, 5% or 2%

	Net Book Value At 31 March 2021 £'000	10% asset Reduction £'000	5% asset Reduction £'000	2% asset Reduction £'000
Other Land & Buildings	15,974	1,597	799	319

Property, Plant & Equipment (PPE) – 2020/21	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastr- ucture £000	Assets Under Construction £000	Surplus Assets £000	Total £000
<b>Cost or Valuation</b>						
<b>At 1 April 2020</b>	<b>34,320</b>	<b>2,337</b>	<b>52,025</b>	<b>280</b>	-	<b>88,962</b>
Additions	184	201	2,895	7	-	3,287
Revaluation increase / (decrease) recognised in the Revaluation Reserve	1,902	-	-	-	-	1,902
Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services.	(52)	-	-	-	-	(52)
De-recognition – Disposals	-	(1,541)	-	-	-	(1,541)
Transfer to other IFRS categories	90	58	-	(105)	-	43
<b>At 31 March 2021</b>	<b>36,444</b>	<b>1,055</b>	<b>54,920</b>	<b>182</b>	-	<b>92,601</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2020</b>	<b>(903)</b>	<b>(1,855)</b>	<b>(14,393)</b>	-	1	<b>(17,150)</b>
Depreciation charge in year	(467)	(75)	(1,828)	-	-	(2,370)
Depreciation written out to the revaluation reserve	473	-	-	-	-	473
Depreciation Written out to the Surplus/ Deficit on the Provision of Services	-	-	-	-	-	-
Impairment (losses)/ reversals recognised in Revaluation Reserve	-	-	-	-	-	-
Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services	-	-	-	-	-	-
De-recognition – Disposal	-	1,541	-	-	-	1,541
Transfer to other IFRS Categories	-	(21)	-	-	-	(21)
<b>At 31 March 2021</b>	<b>(897)</b>	<b>(410)</b>	<b>(16,221)</b>	-	1	<b>(17,527)</b>
<b>Net Book Value At 31 March 2021</b>	<b>35,547</b>	<b>645</b>	<b>38,699</b>	<b>182</b>	1	<b>75,074</b>
At 1 April 2020	33,417	482	37,632	280	1	71,812

<b>Property, Plant &amp; Equipment (PPE) – 2019/20</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant &amp; Equipment £000</b>	<b>Infra-structure £000</b>	<b>Assets Under Construction £000</b>	<b>Surplus Assets £000</b>	<b>Total £000</b>
<b>Cost or Valuation</b>						
<b>At 1 April 2019</b>	<b>32,780</b>	<b>2,201</b>	<b>49,270</b>	<b>578</b>	<b>65</b>	<b>84,894</b>
Additions	262	136	2,755	105	-	3,258
Revaluation increase / (decrease) recognised in the Revaluation Reserve	1,234	-	-	-	-	1,234
Revaluation increase/ (decrease) recognised in the Surplus/Deficit on the Provision of Services.	(34)	-	-	-	-	(34)
De-recognition – Disposals	-	-	-	(390)	-	(390)
Transfer to other IFRS categories	78			(13)	(65)	-
<b>At 31 March 2020</b>	<b>34,320</b>	<b>2,337</b>	<b>52,025</b>	<b>280</b>	<b>-</b>	<b>88,962</b>
<b>Accumulated Depreciation &amp; Impairment</b>						
<b>At 1 April 2019</b>	<b>(732)</b>	<b>(1,791)</b>	<b>(12,675)</b>	<b>-</b>	<b>(3)</b>	<b>(15,201)</b>
Depreciation charge in year	(423)	(64)	(1,718)	-	(1)	(2,206)
Depreciation written out to the revaluation reserve	241	-	-	-	-	241
Depreciation Written out to the Surplus/ Deficit on the Provision of Services	13	-	-	-	-	13
Impairment (losses)/ reversals recognised in Revaluation Reserve	-	-	-	-	-	-
Impairment (losses)/ reversals recognised in the Surplus/ Deficit on the Provision of Services	3	-	-	-	-	3
De-recognition – Disposal	-	-	-	-	-	-
Reclassification to Surplus Assets	(5)	-	-	-	5	-
<b>At 31 March 2020</b>	<b>(903)</b>	<b>(1,855)</b>	<b>(14,393)</b>	<b>-</b>	<b>1</b>	<b>(17,150)</b>
<b>Net Book Value At 31 March 2020</b>	<b>33,417</b>	<b>482</b>	<b>37,632</b>	<b>280</b>	<b>1</b>	<b>71,812</b>
<b>At 1 April 2019</b>	<b>32,048</b>	<b>410</b>	<b>36,595</b>	<b>578</b>	<b>62</b>	<b>69,693</b>

## 18. Revaluations

The authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured is revalued at least every five years on an appropriate basis. All valuations in 2020/21 have been carried out by Bruton Knowles in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Valuations of vehicles, plant and equipment are at historic cost less accumulated depreciation.

Valued at fair value as at	Vehicles, Plant & Equipment	Other Land & Buildings	Total
	£000	£000	£000
Historical Cost	645	-	645
At 1 April 2018	-	13,605	13,605
At 1 April 2019	-	8,586	8,586
At 1 April 2020	-	13,356	13,356
<b>Total cost or valuation</b>	<b>645</b>	<b>35,547</b>	<b>36,192</b>

## 19. Heritage Assets

A Heritage Asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. In Rutland, the County Museum and Oakham Castle and the exhibits fall within this definition. The Council's policies for Heritage Assets are included within its Cultural Strategy and it complies with national acquisitions and disposals for accredited museums. Operational heritage assets (i.e., those that in addition to being held for their heritage characteristics are also used for other activities or provide other services) are accounted for as operational assets and valued in the same way as other assets of that type. Both the Castle and the Museum are operational heritage assets held by the Council and are included within the balance sheet at their depreciated replacement cost.

The museum and castle exhibits have a total insured value of £1,210,000 but none of the items are valued individually and they are not included within fixed assets as the average value per item would be below the de minimis value of £10,000 that the council adopts for capital accounting purposes.

## 20. Capital Expenditure & Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

2019/20	Capital Financing Requirement	2020/21
£000		£000
21,246	Opening Capital Financing Requirement	20,632
	<b>Capital Investment</b>	
3,258	Property Plant & Equipment	3,287
41	Intangible	-
776	Revenue expenditure funded from capital under statute (REFCUS)	3,222
-	Long Term Debtor	-
	<b>Sources of Finance</b>	
(128)	Capital Receipts	(179)
(3,532)	Government Grants and contributions	(6,309)
(1,029)	Sums set aside from revenue (including direct revenue financing, MRP, VRP and loans fund principals)	(614)
<b>20,632</b>	<b>Closing Capital Financing Requirement</b>	<b>20,039</b>
	Explanation of movement in year	
(614)	Increase/(reduction) in the underlying need to borrow	(593)

## 21. Leases

### Authority as Lessee

Operating leases:

The authority has acquired property, vehicles, and equipment by entering into operating leases. The minimum lease payments due under non-cancellable leases in future years are

<b>2019/20</b>	<b>Council as Lessee - Operating Leases</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
61	Not later than one year	68
205	Later than one year and not later than five years	165
148	Later than five years	127
<b>414</b>	<b>Total</b>	<b>360</b>

The expenditure charged across the authority in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

<b>2019/20</b>	<b>Council as Lessee – Minimum Lease Payments</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
58	Minimum Lease Payment	62

## Authority as Lessor

Operating leases:

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

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

The future minimum lease payments receivable under non-cancellable leases in future years are:

<b>2019/20</b>	<b>Council as Lessor - Operating Leases</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
622	Not later than one year	545
1,673	Later than one year and not later than five years	1,323
401	Later than five years	317
<b>2,696</b>	<b>Total</b>	<b>2,185</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews

## 22. Debtors

<b>2019/20</b>	<b>Short-term debtors</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
<i>(Restated)</i>		
540	Central Government Bodies	2,918
96	Other Local Authorities	1,146
529	NHS Bodies	503
150	Schools	54
1,984	Other Entities & Individuals	3,003
<b>3,299</b>	<b>Total</b>	<b>7,624</b>

The increase of £4.325m in short-term debtors has several causes:

- Central Government Bodies – The government made an undertaking to provide grant funding to businesses to support them during the pandemic. Funding was provided to the council to administer these schemes for local businesses - for several of the schemes the Council paid out

more than it had received. In these cases, the difference will be reimbursed by central government. There was also an outstanding VAT claim for March owing from HM Treasury, and various claims for grant funding which were made at the year-end relating to other Council projects, but funding had not been received as at 31<sup>st</sup> March.

- Other Local Authorities – The majority of this increase relates to precepts paid in advance to Parish Councils for the 2021/22 financial year. Accounting requirements mean that any payments made in advance for the next financial year are treated as debtors at 31<sup>st</sup> March.
- Other Entities and Individuals: This increase is due to the effect of the pandemic where individuals and businesses are finding it more difficult to pay.

2019/20 £000	Long-term debtors	2020/21 £000
114	Housing Association	113
34	Other	19
<b>148</b>	<b>Total</b>	<b>132</b>

### 23. Intangible Assets

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item in Property, Plant and Equipment. The intangible assets are purchased licenses.

2019/20 £000	Intangible Assets	2020/21 £000
	<b>Balance 1 April</b>	
755	Gross Carrying Amounts	796
(259)	Accumulated Amortisation	(412)
<b>496</b>	<b>Net Carrying Amount at Start of the Year</b>	<b>384</b>
41	Additions	-
-	Assets derecognised in year	(15)
-	Assets Transferred to Other IFRS Categories	(21)
(153)	Amortisation for the period	(165)
<b>384</b>	<b>Net Carrying Amount at End of the Year</b>	<b>183</b>
796	Gross Carrying Amounts	760
(412)	Accumulated Amortisation	(577)
<b>384</b>	<b>Net Carrying Amount at End of the Year</b>	<b>183</b>

### 24. Creditors

2019/20 £000 (Restated)	Creditors	2020/21 £000
2,726	Central Government Bodies	4,107
944	Other Local Authorities	727
3	Schools	52
3,427	Other Entities & Individuals	4,354
<b>7,100</b>	<b>Total</b>	<b>9,240</b>



The increase of £2.14m in creditors is due to the Council receiving government grants prior to 31<sup>st</sup> March that relate to the 2021/22 financial year. Accounting requirements mean that any amounts received in advance for the next financial year are treated as creditors at 31<sup>st</sup> March.

## 25. Provisions

Provision	Balance 1 April £000	Addition to Provision £000	Amount Charged in Year £000	Balance 31 March £000
Appeals (NDR)	1,112	313	(19)	1,406

The Provision for Appeals (NDR) provides for appeals against the rateable valuation set by the Valuation Office Agency (VOA) and represents RCC's share only.

## 26. Cash Flow Statement – Operating Activities

The cash flow for operating activities includes the following items:

2019/20 £000 (Restated)	2020/21 £000
(397) Interest Received	(257)
1,049 Interest Payable	1,049
<b>Adjust net surplus or deficit on the provision of services for non-cash movements</b>	
(2,379) Depreciation and Impairment of Non-Current Assets	(2,530)
2 Revaluation Losses on Property, Plant and Equipment	(58)
(3,094) Movement in Pension Liability	(1,967)
(390) Gains or Losses on Disposal of Non-Current Assets	-
(315) Increase / (Decrease) in Provisions	(293)
(218) Increase / (Decrease) in Creditors	(2,139)
(1,512) Increase / (Decrease) in Debtors	4,325
(39) Increase / (Decrease) in Long Term Debtors	(17)
- Increase / (Decrease) in Inventories	(25)
4 Other	(180)
<b>(7,942) Total Non-Cash Movements</b>	<b>(2,884)</b>
<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities</b>	
4,636 Capital Grants credited to the CIES	7,303
147 Proceed from Disposal of Property, Plant and Equipment	89
(767) Revenue Expenditure Funded from Capital in Statute	(3,222)
(44) Proceeds from the Sale of Short-Term Investments	-
- Other	(2,583)
<b>3,972 Total Investing or Financing Activities</b>	<b>1,587</b>

## 27. Cash Flow Statement – Investing Activities

2019/20 £000	Investing Activities	2020/21 £000
4,066	Purchase of property, plant and equipment, investment property and intangible assets	6,508
33,000	Purchase of short-term and long-term investments	33,500
(147)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(89)
(30,000)	Proceeds from short-term and long-term investments	(33,000)
(4,636)	Capital Grants Received	(7,304)



-	Other	(19)
<b>2,283</b>	<b>Total</b>	<b>(404)</b>

## 28. Cash Flow Statement – Financing Activities

<b>2019/20</b>	<b>Financing Activities</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
84	Receipt / Repayment of short and long-term borrowing	84
82	Other payments for financing activities	2,642
<b>166</b>	<b>Total</b>	<b>2,726</b>

## 29. Cash Flow Statement – Cash & Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

<b>2019/20</b>	<b>Cash &amp; Cash Equivalents</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
2	Cash held by the authority	2
5,343	Bank current accounts in credit	8,871
-	Short term deposits	-
(32)	Bank current accounts overdrawn	(166)
<b>5,313</b>	<b>Total</b>	<b>8,707</b>

## 30. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the authority are members of the Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement and the authority contributes towards the cost by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. However, the scheme is unfunded, and the Department for Education uses a national fund as the basis for calculating the employers' contribution rate paid by local authorities. The authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2020/21 the authority paid £0.25 million to Teacher's Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (£0.21 million and 20.77% in 2019/20). There were no contributions remaining payable at the year end.

The authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

## 31. Defined Benefit Pension Schemes

### Participation in pension schemes

As part of the terms and conditions of employment the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that needs to be disclosed at the time that the employees earn their future entitlement.

The authority participates in two post-employment schemes:

- the Local Government Pension Scheme (LGPS) administered locally by Leicestershire County Council; this is a funded defined benefit career average salary scheme, meaning that the authority

and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets

- the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) (see note 30 above).

### Transactions relating to post-employment benefits

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

2019/20 £000	Comprehensive Income & Expenditure Statement	2020/21 £000
	<b>Cost of Service</b>	4,236
4,738	Current Service Cost	-
17	Past Service Cost	
	<b>Financing &amp; Investment Income &amp; Expenditure</b>	
1,156	Net interest expense	930
<b>5,911</b>	<b>Total post-employment benefits charged to the surplus or deficit on the provision of services</b>	<b>5,166</b>
	Other post-employment benefits charged to the CIES	
4,929	Return on plan assets (excluding the amount included in the net interest expense)	(16,385)
(3,944)	Actuarial gains and losses arising on changes in demographic assumptions	1,753
(11,973)	Actuarial gains and losses arising on changes in financial assumptions	31,267
759	Other	(1,010)
<b>(10,229)</b>	<b>Total Re-measurements recognised in CIES</b>	<b>15,625</b>
<b>(4,318)</b>	<b>Total post-employment benefit charged to the CIES</b>	<b>20,791</b>
	<b>Movement in Reserves Statement</b>	
(5,911)	Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	(5,166)
3,094	Actual Amount charged against the General Fund	1,967
<b>(2,817)</b>	<b>Total Movement in Reserves Statement</b>	<b>(3,199)</b>

2019/20 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	2020/21 £000
(71,830)	Fair Value of Employer Assets	(90,840)
111,790	Present Value of Defined Benefit Obligation	148,392
<b>39,960</b>	<b>Net liability arising from defined benefit obligation</b>	<b>57,552</b>

The net pensions liability has increased by £19.47m. The major causes of this increase are:

- a decrease in the discount rate used to calculate the value of the liabilities
- assumed increases in the rates of inflation over the longer-term.
- assumed increases in the rates of salaries & pensions.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

<b>2019/20</b>	<b>Reconciliation of the Fair Value of the Scheme Assets</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
74,546	Opening fair value of Scheme Assets	71,830
1,798	Interest Income	1,662
	Return on plan assets, excluding the amount included in the net interest expense	16,385
(4,929)		
2,817	Contributions from Employer	3,199
742	Contributions from Employees	836
(3,144)	Benefits Paid	(3,072)
<b>71,830</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>90,840</b>

<b>2019/20</b>	<b>Reconciliation of Present Value of Scheme Liabilities (defined benefit obligation)</b>	<b>2020/21</b>
<b>£000</b>		<b>£000</b>
121,641	Opening Liability at 1 April	111,790
4,738	Current Service Cost	4,236
2,954	Interest Cost	2,592
742	Contributions from Scheme Participants	836
(3,944)	Actuarial gains/losses arising from changes in demographic assumptions	1,753
(11,973)	Actuarial gains/losses arising from changes in financial assumptions	31,267
759	Other	(1,010)
17	Past Service Costs	-
(3,144)	Benefits Paid	(3,072)
<b>111,790</b>	<b>Closing Liability at 31 March</b>	<b>148,392</b>

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £59.429 million has a substantial impact on the net worth of the authority as recorded in the Balance Sheet.

However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy. The deficit on the local government pension scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31 March 2022 is £3.159 million.

The following table is required by the revised IAS19 disclosure requirements and details the composition of the Scheme Assets into classes that distinguish the nature and risks of those assets. In 2019/20, all the assets had quoted prices in active markets apart from the asset category Private Equity.

<b>2019/20</b>	<b>Local Government Pension Scheme Assets</b>	<b>2020/21</b>	
<b>£000</b>		<b>Quoted Prices in Active Markets £000</b>	<b>Quoted prices not in Active Markets £000</b>
1,251	<b>Equity Securities</b>	1,582	-
	<b>Debt Securities</b>		
6,083	UK	7,677	15

930	Other	1,177	-
<b>7,013</b>	<b>Total debt securities</b>	<b>8,854</b>	<b>15</b>
3,313	<b>Private Equity</b>	-	4,189
5,369	<b>Real Estate</b>	-	6,790
	<b>Investment Funds &amp; Unit Trusts</b>		
28,853	Equities	21,023	15,461
3,036	Bonds	3,839	-
6	Hedge Funds	8	-
2,541	Commodities	-	3,213
3,778	Infrastructure	-	4,778
14,618	Other	6,525	11,960
<b>52,832</b>	<b>Total investment funds &amp; unit trusts</b>	<b>31,394</b>	<b>35,411</b>
(92)	<b>Derivatives</b>	(115)	-
2,152	<b>Cash &amp; Cash Equivalents</b>	2,721	-
<b>71,838</b>	<b>Closing Fair Value of Scheme Assets</b>	<b>44,435</b>	<b>46,405</b>

### Basis for estimating assets and liabilities

The Local Government Pension Scheme liabilities have been assessed on an actuarial basis by Hymans Robertson, the independent actuaries to the Leicestershire County Council Pension Fund based on the latest assumptions of the scheme as at the 31 March 2021. The projected unit credit method has been used - an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The significant assumptions used by the actuary are:

2019/20		2020/21
	<b>Mortality Assumptions</b>	
	Longevity at 65 for Current Pensioners:	
21.5	Men (years)	21.7
23.8	Women (years)	24.2
	Longevity at 65 for Future Pensioners:	
22.2	Men (years)	22.6
25.2	Women (years)	25.9
	<b>Financial Assumptions</b>	
2.80%	Rate of Inflation	3.30%
2.40%	Rate of increase in salaries	3.35%
1.90%	Rate of increase in pensions	2.85%
2.30%	Rate for discounting scheme liabilities	2.00%
50.00%	Take-up of option to convert annual pension into retirement lump sum pre-April 2008 service	50.00%
75.00%	Take-up of option to convert annual pension into retirement lump sum post April 2008 service	75.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme. The methods and types of assumptions used in preparing the sensitivity analysis as previously shown did not change from those used in the previous period.

The impact of those assumptions is shown in Note 38 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty.

### Impact on the Council's Cash Flows

The figures are prepared in accordance with the latest version of IAS19, as last amended on 7 February 2018. This amendment has been included in the Code for 2020/21 financial accounts. The calculations have been carried out in accordance with Pension Technical Actuarial Standard 100 adopted by the Financial Reporting Council, which came into force on 1 July 2017 and other Technical Actuarial Standards.

The weighted average duration of the defined benefit obligation for active members is 20 years.

### 32. Contingent Liabilities

The former local authority insurer, Municipal Mutual Insurance (MMI) ceased taking new business in 1992. MMI believed they could achieve a solvent run-off and have continued to pay claims. However, as part of the arrangement to do this councils entered into a Scheme of Arrangement whereby, if it was necessary to invoke the Scheme councils would be liable to pay a percentage of all claims paid on their behalf since 1992 and any future claims (i.e., a levy), but only for a cumulative value of claims above £50,000. The Scheme had to be invoked in November 2012 when it became apparent that MMI could no longer achieve the solvent run-off. Rutland County Council's claims paid to date have not yet exceeded the £50,000 threshold and therefore the Council is not liable to pay a levy at present. However, this levy (currently set at 15% of the claims value) will be due, when and if, the threshold is exceeded. As the levy also applies to future claims paid, and these cannot be foreseen, there is a potential that a levy may become payable in the future.

### 33. Contingent Assets

The Council is party to an agreement by which it will receive an amount due to over-performance against a contract. The amount the Council will receive depends on the performance of the supplier, so this cannot be accurately recognised within the Councils accounts.

### 34. Trust Funds

The Authority acts as custodian trustee for the Emma Molesworth Trust. As a custodian trustee the authority holds the investment but takes no decisions on its use. The funds do not represent the assets of the Authority and therefore have not been included in the Balance Sheet.

2019/20 £000	Trust Funds	2020/21 £000
7	Income	7
(13)	Expenditure	(11)
212	Assets	215

### 35. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Strategic Director for Resources on 29 June 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2021 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### 36. Accounting Standards Issued Not Yet Adopted

The accounting standards the Council must follow when preparing the Statement of Accounts are now endorsed by the UK instead of the EU.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom, these are:

- Amendments to IFRS 3 – Business Combinations – Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2)

None of these amendments are expected to have an impact on the Council's accounts in future years.

### **37. Critical judgements in applying accounting policies**

In applying the accounting policies, set out from page 67, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in preparing the Statement of Accounts are:

- COVID-19 – The pandemic is still having an impact on world markets which may affect asset values. The figures within the accounts that are potentially affected are listed below.
  - a. An impairment review was carried out as at 31 March 2021 to determine whether the value of the Council's fixed assets should be reduced. There was no evidence of impairment requiring values to be adjusted. Details of the potential impact of a future downturn in valuations is shown in note 17.
  - b. Impact on the Council's Financial Investments. The Council has only entered into fixed term investments with rates agreed at the point of execution. At the time of writing the accounts the Council did not foresee any of the investments not being repaid so no impairment allowance has been made. The institutions are all monitored regularly.
  - c. Pension returns – the pension figures have been updated with assumptions from the Actuary which take into account the effect of the pandemic on the values of both the liability, and the pension fund assets. However, life expectancy assumptions have not been updated as the data and analysis for the period of the pandemic is not yet available to make an evidence-based assessment of the pandemic's impact on longer term expectations.
  - d. A large amount of grant funding has been provided by the government both to support local businesses and provide extra funding for Council provided services. For grants for businesses where the government determined eligibility criteria, the amount to be paid to individual businesses, and provided all of the funding required, this expenditure and income has not been included in the accounts as the Council was simply acting as an agent for central government. However, for some of the grants provided to support businesses, there was a proportion where the Council could decide on eligibility criteria and amounts – i.e., acting as a principal, rather than as an agent. For these grants a judgement has been made on the amounts to be included in the accounts. Further details relating to grants paid to businesses, are included in Note 12 - Grants
- The Council collects approximately net £11m in business rates. The assumptions around the outcome of appeals against the NDR valuations (either received to date or expected in future years) represent a material and critical judgement applied to the accounts. The appeals provision is derived from the experience with both the 2005 and 2010 lists as well as appeals determinations so far made against the 2017 list which has resulted in the Council allowing 4.17% of net rates payable per year. There is a low number of claims against the 2017 list at present mainly due to the new process of Check, Challenge, Appeal. However, it is not known whether the impact of the pandemic may also increase the number of appeals, due to businesses downsizing where their income has decreased, or where they can now operate from smaller premises if staff are now working from home.



### 38. Assumptions made about the future and other major sources of estimation uncertainty

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

The items in the authority's Balance Sheet at 31 March 2021 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.</p> <p>There is no certainty as to what effect the pandemic will have on future life expectancy. The vaccination programme and social distancing measures may reduce the prevalence of other contagious diseases so an increase in average life expectancy could arise. However, if future variants are not able to be controlled by vaccines, average life expectancy could decrease.</p>	The effects on the net pension liability of changes in individual assumptions could be measured. However, the assumptions interact in complex ways. For 2020/21 the authority's actuaries advised that an increase in life expectancy of 1 year would increase the potential benefit liability by 3-5%
Arrears	At 31 March 2021, the authority had a balance of £7.1 million for all of its short-term debtors. A review of significant balances suggested that an impairment of doubtful debts of £0.55 million was appropriate plus an additional allowance of £125k to cover additional losses in respect of commercial properties due to the impact of COVID-19 on the economy. However, in the current economic climate it is not certain that such an allowance will be sufficient.	If collection rates were to deteriorate a doubling of the amount of the impairment of doubtful debts would require an additional £0.55 million to be set aside.
Asset Valuations	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers carried out an impairment review to assess if values had deteriorated due to the effects of the pandemic and provided valuations as at 31 March 2021 for approximately 20% of its operational portfolio.</p> <p>The remaining balance of operational properties were also reviewed to ensure values reflect current values. Covid-19 is continuing to impact financial markets, but most property markets are functioning again, providing evidence on which to base valuations. Valuations of the majority of the Council's assets are therefore NOT reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. However, material valuation uncertainty still exists for leisure and hospitality assets, and consequently, less certainty and a higher degree of caution should be attached</p>	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. The impact of changes in valuations are set out in note 17.



	to the valuation. For more details of assets to which this applies, see Note 17. At the current time, it is not possible to accurately predict the severity of the impact of Covid-19 on the economy.	
Business Rates	<p>The Business Rates Retention Scheme was introduced from 1 April 2013 and the Council is now liable for its proportionate share of successful business rate appeals. A provision has been recognised for an estimated amount that may have to be repaid on successful appeals. The estimate has been calculated using the Valuation Office ratings list of appeals and an analysis of successful appeals to date.</p> <p>It is not yet certain what impact the pandemic may have on business rates appeals. Many businesses may have down-sized, due to financial difficulties, or may be planning to reduce accommodation if staff continue to work from home.</p>	The structure of the appeals is not uniform, there are different classes of business, each of which have had historically different success rates of appeal and the value of each individual appeal can vary considerably. Due to these different criteria and the fact that each class of appeal is provided for separately it would not give the user of the accounts any meaningful information by flexing the provision.

### 39. Prior Period Adjustments

The council has made the decision to restate the 2019/20 accounts to correct a presentation error made in the Collection Fund in 2019/20. This restatement is not required by the external auditors but has been made for clarity and to provide accurate information. The only statement affected is the Balance Sheet where debtor and creditor balances have been changed. This has not had an impact on the level of reserves. Changes have also been made to the associated notes to the accounts.

The impact of the change is shown in the table below:

Balance Sheet 2019/20	Original Accounts	Adjustment	Restated Accounts
Property, Plant & Equipment	71,814	0	71,814
Intangible Assets	384	0	384
Long Term Debtors	149	0	149
<b>Long Term Assets</b>	<b>72,347</b>	<b>0</b>	<b>72,347</b>
Inventories ( <i>Salt Stocks</i> )	107	0	107
Short Term Investments	33,180	0	33,180
Short Term Debtors	2,956	343	3,299
Cash & Cash Equivalents	5,313	0	5,313
<b>Current Assets</b>	<b>41,556</b>	<b>343</b>	<b>41,899</b>
Short Term Creditors	(6,757)	(343)	(7,100)
Provisions	(1,112)	0	(1,112)
<b>Current Liabilities</b>	<b>(7,869)</b>	<b>(343)</b>	<b>(8,212)</b>
Long Term Borrowing	(22,183)	0	(22,183)
Other Long-Term Liabilities	(39,960)	0	(39,960)
<b>Long Term Liabilities</b>	<b>(62,143)</b>	<b>0</b>	<b>(62,143)</b>
<b>Net Assets</b>	<b>43,891</b>	<b>0</b>	<b>43,891</b>
Usable Reserves	(31,723)	0	(31,723)
Unusable Reserves	(12,168)	0	(12,168)
<b>Total Reserves</b>	<b>(43,891)</b>	<b>0</b>	<b>(43,891)</b>

# Collection Fund

2019/20	Collection Fund	Council Tax £000	2020/21 Business Rates £000	Total £000
<b>Total</b>				
<b>£000</b>				
	<b>Income</b>			
(31,779)	Council Tax Receivable	(33,069)	-	(33,069)
(11,646)	Business Rates Receivable	-	(7,104)	(7,104)
(452)	Transitional Protection Payments Receivable	-	-	-
-	Annex Grant	-	-	-
(19)	S13 Reliefs including Local Council Tax Support - General Fund Contribution	(175)	-	(175)
<b>(43,896)</b>	<b>Total Income</b>	<b>(33,244)</b>	<b>(7,104)</b>	<b>(40,348)</b>
	<b>Expenditure</b>			
	<b>Precepts</b>			
27,177	Rutland County Council	28,551	-	28,551
3,460	Leicestershire Police	3,651	-	3,651
1,033	Leicester, Leicestershire & Rutland Fire Authority	1,064	-	1,064
<b>31,670</b>	<b>Total Precepts</b>	<b>33,266</b>	<b>-</b>	<b>33,266</b>
	<b>Business Rates Shares</b>			
5,635	Central Government	-	5,672	5,672
5,522	Rutland County Council	-	5,558	5,558
113	Leicester, Leicestershire & Rutland Fire Authority	-	113	113
<b>11,270</b>	<b>Total Business Rates Shares</b>	<b>-</b>	<b>11,343</b>	<b>11,343</b>
	<b>Charges to the Collection Fund</b>			
93	Write Off - Uncollectable Amounts	63	7	70
12	Increase / (Decrease) in Bad Debt Provision	30	37	67
758	Increase / (Decrease) in Appeals Provision	-	637	637
61	Cost of Collection	-	61	61
37	Renewable Energy	-	7	7
-	Transitional Protection Payments Payable	-	53	53
<b>961</b>	<b>Total Charges to the Collection Fund</b>	<b>93</b>	<b>802</b>	<b>895</b>
	<b>Distribution of Previous Year's Estimated Collection Fund Surplus/(Deficit)</b>			
-	Central Government	-	(127)	(127)
66	Rutland County Council	107	(124)	(17)
10	Leicestershire Police	14	-	14
3	Leicester, Leicestershire & Rutland Fire Authority	4	(3)	1
<b>79</b>	<b>Total Distribution of Previous Year's Estimated Collection Fund Surplus/(Deficit)</b>	<b>125</b>	<b>(254)</b>	<b>(129)</b>
<b>43,980</b>	<b>Total Expenditure</b>	<b>33,484</b>	<b>11,892</b>	<b>45,376</b>
<b>84</b>	<b>(Surplus) / Deficit on Collection Fund</b>	<b>240</b>	<b>4,788</b>	<b>5,028</b>
	<b>Collection Fund Balance</b>			
32	(Surplus)/Deficit B/Fwd 1 April	(86)	202	116
84	(Surplus)/Deficit Arising During the Year	240	4,788	5,028
<b>116</b>	<b>(Surplus)/Deficit C/Fwd 31 March</b>	<b>154</b>	<b>4,990</b>	<b>5,144</b>

## 1. Collection Fund Overview

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Business Rates (BR) and its distribution to local government bodies and the Government. The Council, as a billing authority, has a statutory requirement to operate a Collection Fund as a separate account to the General Fund.

There is no requirement for a separate Collection Fund balance sheet. Instead, Collection Fund balances are distributed across the balance sheet of the billing authority, the Government and precepting authorities.

In 2014/15, the local government finance regime was revised with the introduction of the retained business rates scheme. The scheme allows the Council to retain a proportion of the total BR received. Rutland County Council's share is 49% with the remainder distributed to other bodies. For Rutland the BR bodies are Central Government (50% share) and The Leicestershire Fire Authority (1% share).

In its Spending Review the Government announced that it would localise support for Council Tax from April 2013, this meant that there would no longer be a nationally governed Council Tax Benefit (CTB) scheme and each council set their own schemes.

## 2. Business Rates

The total non-domestic rateable value as at 31 March 2021 was £32.93 million (31 March 2020 - £33.0 million).

The standard BR multiplier for 2020/21 was 51.20 pence (2019/20 – 50.40 pence). The small business multiplier for 2020/21 was 49.90 pence (2019/20 49.10 pence).

## 3. Council Tax

The Council's tax base, i.e., the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings for 2020/21 is calculated as follows:

<b>2019/20 Band D Equivalent</b>	<b>Band</b>	<b>Ratio</b>	<b>Number of Chargeable Dwellings</b>	<b>2020/21 Band D Equivalent</b>
2.50	A (with Disabled Relief)	5/9	4.23	2.35
705.75	A	6/9	1,063.28	731.48
2,564.74	B	7/9	3,344.87	2,676.24
2,406.04	C	8/9	2,734.79	2,446.86
2,392.15	D	9/9	2,279.25	2,287.31
2,627.37	E	11/9	2,161.95	2,661.40
2,219.56	F	13/9	1,540.17	2,264.55
2,014.30	G	15/9	1,219.70	2,065.53
251.00	H	18/9	129.00	260.20
<b>15,183.41</b>	<b>Total</b>			<b>15,395.92</b>
468.70	Ministry of Defence contribution in lieu of council tax			449.10
(151.84)	Allowance for non-collection			(192.54)
<b>15,500.27</b>	<b>Council Tax Base</b>			<b>15,652.48</b>

#### 4. Impairment

The balances owing from businesses at the reporting date for which there is a risk that they may not be collected are shown below. They have been considered with regard to their age and the likelihood of repayment.

	<b>Business Rates £'000</b>	<b>Council Tax £'000</b>
Assets past due but not impaired	1	747
Assets impaired		
2003-04	-	1
2004-05	-	2
2005-06	-	1
2006-07	-	0
2007-08	-	2
2008-09	-	3
2009-10	-	3
2010-11	-	7
2011-12	-	9
2012-13	-	9
2013-14	-	12
2014-15	-	10
2015-16	-	21
2016-17	6	35
2017-18	111	57
2018-19	126	111
2019-20	104	205
2020-21	87	-
<b>Total Assets Impaired</b>	<b>434</b>	<b>488</b>

# Statement of Accounting Policies

---

## **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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

## **Accruals of Income and Expenditure**

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

- Revenue from contracts with service recipients, whether for service or the provision of goods, is recognised when (or as) the good or services are transfers to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed; where there is a gap between the date the supplies are received and their consumption, they are carried as inventories on the balance sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## **Cash and Cash Equivalents**

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

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

## **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Charges to Revenue for Non-Current Assets**

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

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Council Tax and Non-Domestic Rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislation framework for the Collection Fund, billing authorities, major preceptors and central government share proportionally the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

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

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

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

## **Employee Benefits**

### ***Benefits Payable During Employment***

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses, for current employees and are recognised as an expense for services in the year in which the employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### ***Termination Benefits***

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the authority recognised costs for a restructuring.

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

### ***Post-Employment Benefits***

Employees of the Council are members of two separate pension schemes:

- The Local Government Pension Scheme, administered by Leicestershire County Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

However, the arrangements for the teachers' scheme mean that the liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Peoples Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year, and equally the Adult Social Care and Public Health for the NHS scheme.

### **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Leicestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to



date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using an appropriate discount rate (based on the indicative rate of return on high quality corporate bond as identified by the actuary)
- The assets of the Leicestershire County Council pension fund attributable to the authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value
- The change in the net pensions liability is analysed into the following components:
  - Service cost comprising
    - Current service cost: the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
    - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-distributed Costs.
    - Net interest on the net defined benefit liability (asset) i.e. net interest expense for the authority; the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement; this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
  - Re-measurements Comprising
    - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - Contributions paid to the Leicestershire County Council pension fund: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

### ***Discretionary Benefits***

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

### **Events After the Reporting Date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect

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

### **Financial Instruments**

#### ***Financial Liabilities***

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### ***Financial Assets***

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss
- fair value through other comprehensive income

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

### ***Financial Assets measured at Amortised Cost***

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

However, the Council has made loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year- the reconciliation of amounts debited and credited to the CIES to the net gain required against the general fund balance is managed by a transfer to or from the Financial Instruments Account in the Movement in Reserves Statement.

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

### ***Expected Credit Loss Model***

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

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

The authority has a portfolio of a small number of loans to local businesses. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

### ***Foreign Currency Translation***

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **Government Grants and Contributions**

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income an Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Grants received from central government that are to be passed on to other bodies are treated according to who has control over the way the money is distributed. If central government determines who is eligible for funding and what amount individuals or businesses can receive, then the transactions relating to this are not included in the Council's accounts – the Council is simply acting as an agent. If the Council can set its own eligibility criteria to distribute the funding, and determine the amounts to be paid, then the transactions are included in the accounts. In this case the Council is acting as a principal.

## **Community Infrastructure Levy**

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable development for the authority) with appropriate planning consent. The council charge for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (These include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure

## **Heritage Assets**

Heritage assets are assets that are held by the Council principally for their contribution to knowledge or culture. These assets are recognised and measured in accordance with the Council's accounting policies on Property, Plant, and Equipment. However, the assets are recognised in the Balance Sheet using as its base the detailed insurance valuation (which are based on market values) held by the Council. As heritage assets held have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation for the assets.

## **Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## **Inventories and Long-Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the good or services transferred to the service recipient during the financial year.

## **Investment Properties**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains

and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

## **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

### ***The Council as Lessee***

#### **Finance Leases**

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

Lease payments are apportioned between:

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

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **Operating Leases**

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

### ***The Council as Lessor***

#### **Finance Leases**



Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Asset Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **Overheads and Support Services**

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

## **Property, Plant and Equipment**

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

### ***Recognition***

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential



associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

### **Measurement**

Assets are initially measured at cost, comprising:

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

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and expenditure line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement costs (instant build) as an estimate of current value
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

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

### ***Impairment***

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

Where impairment losses are identified, they are accounted for by:

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

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

### ***Depreciation***

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant and equipment – straight-line allocation over the useful life of the asset ranging between 5 and 10 years
- infrastructure – straight-line allocation over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## ***Disposals and Non-current Assets Held for Sale***

When it becomes probable that the carrying amount of asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before classification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **Provisions, Contingent Liabilities and Contingent Assets**

### ***Provisions***

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

### ***Contingent Liabilities***

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision

would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

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

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

### **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting process for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged, so that there is no impact on the level of council tax.

### **Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance for local authority-maintained schools (i.e., those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the local authority financial statements (and not the Group Accounts) Therefore schools transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

### **Value Added Tax (VAT)**

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

### **Fair Value Measurement**

The authority measures some of its non-financial assets such as surplus assets, investment properties and some of its financial instruments as applicable at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between

participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling to another market participant that would use the asset in its highest or best use

Where there is not an active market for the asset or liability the authority uses professional services such as qualified valuers to measure the fair value.

# Glossary

---

**Accruals** - The concept that revenue and capital income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Transactions are treated on an accruals basis with income and expenditure due as at 31 March brought into the accounts.

**Accumulating Compensated Absences Adjustment Account** – Absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year.

**Agent** – Where the Council acts as an intermediary between other bodies, e.g., central government and local businesses to pass income between the two.

**Amortisation** – The reduction in the useful economic life of a long-term intangible asset, whether arising from time or obsolescence through technological or other changes.

**Annual Governance Statement** – Identifies the systems that the Council has in place to ensure that its business is conducted in accordance with the law and proper standards and that public money is safeguarded.

**Balance Sheet** - Fundamental to the understanding of a local Council's financial position at the year-end. It shows the balances and reserves at the Council's disposal and its long-term indebtedness, and the long term and net current assets employed in its operations.

**Balances** – The non-earmarked reserves of a local Council, which are made up of the accumulated surplus of income over expenditure. This is known as the General Fund Balance for all the other services provided by the Council. Adequate revenue balances are needed to meet unexpected expenditure or a shortfall of income. A local Council may decide to use its revenue balances to reduce its budget and thus its call on the Collection Fund.

**Budget (Medium Term Financial Plan (MTFP))** - A statement of a Council's plans for net revenue and capital expenditure over a specified period of time.

**Capital Adjustment Account** – This account was created at midnight on 31 March 2007 and its opening balance was made up of the balance on the Fixed Asset Restatement Account (FARA) and the Capital Financing Account.

**Capital Charge** - A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of their services.

**Capital Expenditure** - Expenditure on the acquisition or development of major assets which will be of use or benefit to a Council in providing its services beyond the year of account.

**Capital Grant** - A grant received towards the capital expenditure incurred on a particular service or project. Capital grants can be made by a Council, for example, to homeowners to meet the cost of improving their houses.

**Capital Receipts** - Proceeds from the sale of non-current assets, e.g., land and buildings. The proceeds can be used to finance new capital expenditure or repay debt. It cannot be used to finance revenue expenditure.

**Collection Fund** - A statutory fund in which a Council records transactions for Council Tax, National Non-Domestic Rates and residual Community Charges.



**Community Assets** - Assets that the local Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and open spaces.

**Comprehensive Income and Expenditure Statement** - Reports the income and expenditure for all the Council's services and demonstrates how that cost has been financed from general government grants and income from taxpayers.

**Council** – Means 'Rutland County Council' specifically. The Council is a local Council, and this term is used in these definitions, and in the Statement of Accounts', to define any or all Councils.

**Creditor** - An amount owed by the Council for work done, goods received, or services rendered to the Council within the accounting period but for which payment has not been made.

**Current Asset** - An asset which can be expected to be consumed or realised during the next accounting period.

**Current Liability** - An amount which will become payable or could be called in within the next accounting period, e.g., creditor, cash overdrawn.

**Debt Redemption** - The repayment of loans raised to finance capital expenditure.

**Debtor** - An amount owed to a local Council within the accounting period, but not received at the Balance Sheet date.

**Dedicated Schools Grant (DSG)** – Grant received from Department for Education to fund schools related expenditure.

**Deferred Capital Receipts Reserve** - Holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.

**Depreciation** - The measure of the wearing out, consumption or other reduction in the useful economic life of a long-term asset, whether arising from use, time or obsolescence through technological or other changes.

**Derecognition** – The term used for the removal of an asset or liability from the balance sheet.

**Revenue Contribution to Capital Outlay (RCCO)** - A contribution to the financing of capital expenditure by a charge to the Comprehensive Income and Expenditure Statement. This can be used to supplement a local Council's other capital resources.

**Effective Rate of Interest** – The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

**Equity Instrument** – A contract that evidences a residual interest in the assets of an entity after deducting all its liabilities (e.g., an equity share in a company).

**Fair Value** – The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Financing Charges** - Annual charges to the Comprehensive Income and Expenditure Statement of a local Council to cover the interest on, and repayment of, loans raised for capital expenditure.

**Finance Lease** - A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset



**Financial Asset** – A right to future economic benefits controlled by the Council. Examples include bank deposits, investments and loans receivable.

**Financial Instrument** – Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**Financial Instrument Adjustment Account** – This is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund.

**Financial Liability** – An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

**Long Term Asset** - An asset which has value beyond one financial year

**General Fund** - The main revenue account of a local Council which summarises the cost of all services provided by the Council which are paid for from Council Tax, government grant and other income.

**Government Grants and Subsidies** - Grants towards either the revenue or capital cost of local Council services. These may be either in respect of particular services or purposes, (specific and supplementary grants), or in aid of local services generally e.g., Revenue Support Grant.

**Heritage Assets** – A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

**IAS 19** - This is an International Accounting Standard (which replaces Financial Reporting Standard 17) now universally adopted across all sectors (public and private) for the inclusion and reporting of pension costs in Financial Accounts. It is based on the principle of recognising pension costs in the financial year that they become known rather than the cash transfers made in that year – usually, this means that a higher cost arises. These (higher) costs are calculated each year by Actuaries who forecast changes in future liabilities and the performance of the Pension Fund in determining any potential shortfall. In local government, a Pension Reserve has been introduced to absorb this impact so that no additional costs fall on Council Taxpayers until they are actually due.

**Impairment** – The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

**Infrastructure Assets** - Assets that are inalienable, i.e., may not be sold, transferred or assigned to another. These include facilities required to enable other developments to take place e.g., roads and street lighting.

**Investment Properties** – Those properties that are used solely to earn rentals and/or for capital appreciation.

**Loans Outstanding** - The total amounts borrowed from external lenders for capital and temporary revenue purposes and not repaid at the Balance Sheet date.

**Local Council** – A corporate body, established by statute, to undertake specific local functions. It is governed by Members (also known as Councillors) who are either elected or appointed. Rutland City Council is a 'local Council'. In these definitions, the term 'local Council' is used to describe one or all Councils generally. Sometimes, this is shortened to just 'Council'.

**Minimum Lease Payments** – Those lease payments that the Council is, or can be, required to make.

**Minimum Revenue Provision (MRP)** - This is the minimum amount which must be charged to a local Council's Comprehensive Income and Expenditure Statement and set aside to repay debt. It is calculated by charging 4% on all borrowing up to the 1st April 2007 and for any new supported borrowing. For the remaining unsupported borrowing, MRP is charged in line with the life of the asset for which the borrowing was undertaken.

**Movement in Reserves Statement** – This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

**Business Rates (BR)** - The rates payable by businesses on their properties are calculated by applying a nationally determined multiplier to the rateable value of the property.

**Operating Leases** - Leases under which the ownership of the asset remains with the lessor.

**Pooling** – The term used for the calculation and payment of a proportion of housing capital receipts into a national pool for redistribution.

**Precept** - The amount a local Council, who cannot levy a council tax directly on the public (e.g., Fire and Police authorities, Parish councils), requires it to be collected on its behalf.

**Principal** – Where the Council is acting on its own behalf e.g., where it has full discretion as to who should receive grant funding and the amount that can be awarded to each recipient.

**Provisions** - Required for any liabilities of uncertain timing or amount that have been incurred. Provisions are set aside in the accounts and charged to individual services. When the relevant expenditure occurs, it is charged direct to the Provision.

**Reserves** - Amounts set aside for purposes falling outside the strict definition of provisions are considered as reserves. Reserves include earmarked reserves set aside for specific projects or service areas or expected future commitments.

**Revaluation Reserve** – This account was created on 1 April 2007 and its balance represents the revaluation gains accumulated since 1 April 2007.

**Revenue Expenditure** - The day-to-day running costs a local Council incurs in providing services (as opposed to capital expenditure).

**Revenue Support Grant (RSG)** - A general grant paid by the government and recognised in the General Fund to help finance local Council revenue expenditure.

**Supported Borrowing** – The amount of borrowing assumed by Government in the calculation of their grant payment.

**Usable Reserves** – Those reserves that can be applied to fund expenditure or reduce local taxation.

**Unusable Reserves** – Those reserves that absorb the timing differences arising from different accounting arrangements.

**Unsupported / Prudential borrowing** – The amount of borrowing for which there is no grant to support its revenue impact.

**VAT** – VAT is an indirect tax levied on most business supplies of goods and service

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Rutland County Council (the 'Authority') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including the statement of accounting policies. 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 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2021 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Strategic Director for Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Strategic Director for Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Strategic Director for Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Strategic Director for Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Strategic Director for Resources and Those Charged with Governance for the financial statements' section of this report.

#### Other information

The Strategic Director for Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

#### Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority, the Strategic Director for Resources and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities, set out on page 17, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director for Resources. The Strategic Director for Resources 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 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Strategic Director for Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Director for Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Risk Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, the Local Government Act 1972, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012 the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003.

- We enquired of senior officers and the Audit and Risk committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Audit and Risk committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journals
  - significant accounting estimates.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud
  - journal entry testing, with a focus on unusual journals, which included:
    - Journals posted by senior finance officers
    - Large value journals
    - Post year end journals
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the land & buildings and defined benefit pensions liability valuations
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land & buildings and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:



- the provisions of the applicable legislation
  - guidance issued by CIPFA, LASAAC and SOLACE
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
    - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
    - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2021.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing 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 for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in April 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and



- Improving economy, efficiency, and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

#### Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Rutland County Council for the year ended 31 March 2021 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report'
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2021.

We are satisfied that this work does not have a material effect on the financial statements.

#### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### J Gregory

John Gregory, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham  
14 October 2021

# Annual Governance Statement 2020/21

---

## Scope of Responsibility

- 1.1 Rutland County Council ("the Council") is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercising of its functions, which includes the arrangements for the management of risk.
- 1.3 The elements of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (updated in 2016) are embedded throughout the Council's Constitution and other strategies. This statement explains how the Council has complied with the framework and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement ("AGS").

## The Purpose of the Governance Framework

- 1.4 The governance framework comprises the systems, processes, culture and values by which the Council is managed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 1.5 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically by identifying and implementing measures to reduce the likelihood of the risks being realised and to negate or mitigate their potential impact.
- 1.6 The governance framework has been in place at Rutland County Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts. Where there have been changes to the Governance framework in the year, these are outlined in the relevant sections below. Key events and issues falling outside of the 20/21 financial year but relevant to the

Governance Framework are included in this AGS.

## **The Governance Framework**

### **1.7 Overview**

- 1.7.1 The Council has a 'Local Code of Governance' which states our commitment to complying with the principles of good governance and references relevant documents where stakeholders can find out more. This section of the AGS describes some of our arrangements in more detail.

### **1.8 Coronavirus Pandemic**

- 1.8.1 From mid-February 2020, the Council joined the Leicestershire, Leicester and Rutland (LLR) Local Resilience Forum (LRF) in preparing its response to the Coronavirus pandemic. The Council also invoked the emergency delegation in the Constitution (11.10.5) which allows the Chief Executive "to take any urgent action necessary in the event of a civil emergency and deal with matters relating to civil protection/emergency planning arising from the Council's powers and duties under the appropriate legislation." and the provisions in the Financial Procedure Rules (4.6) which allows the Chief Finance Officer to put in place alternative financial systems in the case of a major incident.
- 1.8.2 As part its response, the Council quickly established a Local Strategic Coordinating Group (LSCG) comprising of senior management and a Local Tactical Coordinating Group (LTCG) involving key officers from across the Council.
- 1.8.3 In the early part of its pandemic response, February to the end of June 2020, the Council put the following arrangements in place:
- Establishing a revised operational structure so that resources could be focused on delivering 'business as usual' activity as far as possible and responding to the needs of vulnerable people through Operation Shield (announced 22nd March)
  - Participating in all of the LLR Groups and Cells covering a range of issues from Personal Protective Equipment to Business issues
  - Reviewing all key services, in accordance with Government guidance, and determining which services could continue as 'business as usual' and which services would be stopped
  - Developing an approach to the "shielding of vulnerable people" – i.e. supporting those people who are vulnerable, and who have no other means of support – (obtaining required medication; obtaining food; support with social isolation and other welfare support).
  - Deploying new technology to enable staff to work at home under 'lockdown'
  - Redeploying staff to areas of greatest need as services were reduced or discontinued

- Delivering key Government initiatives such as payment of business rate grants and reliefs, ensuring ongoing payments to key suppliers/contractors and enforcing social distancing measures.

1.8.4 From a governance perspective, the following key arrangements were put in place underneath the work of the LSCG and LTCG:

- The Council structure was revised with two key cells created (a BAU and Operations cell and a Health, Social Care and Isolation cell led by SMT members)
- Decision making at both the RSCG and RTCG levels informed the agenda and direction of travel for both Cells
- The Cells met at least twice weekly, with all meetings minuted with actions
- Below the two main cells various sub-cells were created to focus on specific issues such as advice and hardship
- A Status and Data report was developed to capture key information to inform decision making
- Reporting was a two-way flow, where information coming from the Cells was put in to Status and Data Reports and formally submitted to the LSCG three times a week (Monday, Wednesday and Friday) with issues raised for decision making
- An Executive Decision log was created to record all Executive decisions
- Separate finance cost centres were created and maintained to record all funding received and costs and changes to finance systems enacted to facilitate decision making
- Verbal briefings were provided to Cabinet (daily), all Members (weekly) and Parish Council (weekly) alongside daily written communications

1.8.5 From June through to September, the Council evolved its internal arrangements and set up a Business Delivery Group reporting through to the RSCG with the RTCG being stood down. The key rationale for this at the time was that there was a move towards “business as usual” as national restrictions were lifted. Briefings to Members and Parishes became less frequent as the requirement on the Council to set up new services reduced with, at the time, a move towards consideration of Recovery. The Council developed an initial Recovery Plan as part of its work with LLR.

1.8.6 Delivering a response to the pandemic was not without its challenges. The timing of Government guidance often created uncertainty and confusion which was compounded by the lack of detail when it did eventually arrive. This not only impacted the Council but businesses and other partners the Council were working with. One of the key challenges was also around resourcing – whilst staff were diverted from non Covid activities, decisions about whether to bring

in additional resource were made difficult by uncertainty about how long the pandemic would go on and future funding.

1.8.7 From September, the national landscape began to change again with the anticipation of the “second wave”. The Council therefore:

- Agreed that RSCG would meet twice weekly to provide strategic direction for the pandemic response
- Reinstated the RTCG to meet twice weekly to consider pandemic response matters corporately and resourcing arrangements, including advising on what services might need to be stopped to facilitate the pandemic response
- Set up a Task Force from within RTCG to drive forward a number of initiatives and work up proposals in response to “asks” from Government

1.8.8 From September through to today, the Council has continued to deliver its pandemic response including:

- Setting up a Vaccination Centre at Catmose with our partners in the NHS and national government albeit with the vaccination programme itself being managed by the NHS.
- Opening a Rapid Testing Centre to offer regular tests to people who are unable to work from home and have no COVID symptoms. The new testing centre for Rutland was of the Government’s plans to expand its programme of Lateral Flow Device testing across the country.
- Continuing to administer business grant schemes to local businesses in line with governance guidance to support the local economy during periods of lockdown
- launching in December 2020 a winter grants scheme to provide access to financial support for utility bills, food and other related essentials for eligible households with children aged 0-19.

1.8.9 The longer-term impacts and consequences on the Council are still uncertain. The Council has noted this as a key risk on its strategic risk register. The two key risks can be categorised as follows:

- Financial – the Council is monitoring its position. It has received Government funding to deal specifically with the response, but the bigger concerns are the impact on the Medium Term Financial plan of lost income (with key income generating services stopped), a drop in collection rates for council tax and business rates, any additional costs incurred as key services are restored (and backlog issues dealt with), the fallout on the local economy and the impact on the demand for services (see below).
- Operational impacts – with key services stopped and resources diverted, officers will have to reinstate key services and catch up on a backlog of issues. Whilst work is being done to mitigate some of this

work, the extent of recovery is likely to be significant. Alongside the backlogs, the Council is anticipating possible impacts on key services such as adult and children's social care but at this stage the position is uncertain.

- 1.8.10 With the success of the vaccination roll out, the Government announced a roadmap out of lockdown. Against this backdrop, the Council has started again to turn its attention to recovery and further work will be done in this area in the near future.
- 1.8.11 The Council's senior management have engaged with the Internal Audit service to review their role during the Coronavirus pandemic and seek suitable assurances on financial management and governance during this challenging time. It was agreed that Internal Audit will conduct reviews on expenditure, decision making and key financial controls during this period. The approach was discussed and agreed with the s151 officer and the Chair of the Audit and Risk Committee, both of whom will receive regular updates on the outcomes, with reported to the Audit and Risk Committee.
- 1.8.12 The remainder of this document includes comments on how the pandemic has impacted governance arrangements where applicable.

## **1.9 Vision, Aims and Objectives**

- 1.9.1 The Council has a Corporate Plan covering the period 2019 – 2024. The Corporate Plan serves as a roadmap for what the Council wants to achieve during its current four-year term. The Plan was developed following the local elections in May 2019.
- 1.9.2 The Plan was taken through the Scrutiny process and approved in January 2020. The Plan can be found here:  
  
<https://www.rutland.gov.uk/my-council/how-the-council-works/key-plans-policies-and-strategies/corporate-plan/>
- 1.9.3 The aims and priorities are underpinned by actions and targets which will be reported on quarterly through the corporate performance report. These targets form the basis for planning for the Budget, Local Plan, and other Strategic Plans as well as service and team plans.
- 1.9.4 With much management resource diverted to the pandemic, some actions have been progressed, with others deferred. As part of its year end reporting, the Council's performance report for Quarter 4 gave both an update on KPI's but also a progress update on actions.
- 1.9.5 The Council plans to revisit the corporate plan later in 2021/early 2022 after the Future Rutland Conversation has been completed.

### **Future Rutland Conversation**

- 1.9.6 The 'Future Rutland Conversation', aims to involve local people in a process that will develop a new vision and aspirations for the county – one that will help the Council to co-create new strategies and policies to achieve these



goals.

- 1.9.7 The Future Rutland Conversation follows a commitment made in Rutland County Council's latest Corporate Plan (2019-2024) to develop a 50-year vision that will identify key priorities, emerging issues and give the county a long-term plan of action.
- 1.9.8 Work on the 50-year vision was due to begin in 2020 but paused due to COVID-19 but the Future Rutland Conversation aims to understand what matters most to residents and businesses in the county – both now and in a post-COVID world.
- 1.9.9 The Future Rutland Conversation (FRC) was approved by Full Council at a meeting on Monday 11 February 2021. The FRC began in earnest in April and as at June 2021 is still ongoing.

### **Deferred Key Priorities**

- 1.9.10 The following actions supporting corporate key priorities have been deferred as resources were diverted to deal with the pandemic:
- Enhancing the Universal Offer (for Children Services)
  - Launching of a customer portal (MyAccount)
  - Updating of the Corporate Website
  - Development of the plan for 5G Provision
  - Hosting of a Road Safety Summit
  - Improving coordination with Care Homes & Health Services
  - Ensuring High Levels of 16-18 in Education, Employment and Training
  - Developing in-house provider services into a new single community service
  - Development or refresh of various policies and strategies (Customer Strategy, Digital Strategy, Corporate Asset Management Plan, Biodiversity Policy, Dementia Strategy, Autism Strategy, Carer Strategy, Adult Social Care Strategy, Community Safety Strategy, Cultural Services Strategy, Domestic Violence Strategy, Joint Exploitation Strategy)
  - Redesigning of the Commissioning & Procurement Approach
  - Implementation of a New Joint Care Placements Framework

## **1.10 Political and Constitutional Arrangements**

- 1.10.1 As at 12<sup>th</sup> April 2020 the political composition of the Council changed to the following: 15 Conservative, 6 independent, 3 non-aligned and 3 Liberal Democrats.
- 1.10.2 Through the year there has been a phased transition for the role of Deputy Leader. The incumbent at the start of the Civic Year was Councillor Gordon Brown. He made a decision to leave Cabinet for health reasons and so arrangements were put in place for him to leave on a phased basis. The phased approach is a sign of political stability and enabled the proper handover and conclusion of key projects and tasks that he was leading.

Councillor Lucy Stephenson took over as the role of Deputy Leader on 1<sup>st</sup> March 2021.

- 1.10.3 There have been a number of Political and Constitutional challenges throughout the year arising from the pandemic and the issues these are dealt with below. However there have been a number of issues caused by the legislative framework being inadequate. The Government brought forward legislation to enable remote meetings early in the pandemic but wrote to Council's on the 25<sup>th</sup> March 2021 informing them that it would not be making time to provide for this as at 6<sup>th</sup> May 2021. As a consequence, the Council is putting in alternate arrangements that will enable meetings to proceed while COVID restrictions remain.

## **1.11 Elections**

- 1.11.1 Due to the pandemic, the scheduled Police and Crime Commissioner election was postponed from 7<sup>th</sup> May 2020 and is now due to be held on 6 May 2021. In addition, two parish council by-elections were called but have also been postponed until 6 May 2021.
- 1.11.2 2020 saw the reformed canvass model for electoral registration used across the UK for the first time. New processes were used to conduct the canvass involving a useful matching process with the DWP which resulted in cost saving on production of letters and postage. Door to door canvassing was also conducted following Government social distancing guidelines and was completed in time to produce the revised register of electors on 1 December 2020.

## **1.12 Constitution**

- 1.12.1 The Council's Constitution defines the roles and responsibilities of the Council, Cabinet, Committees and Scrutiny Committees and provides for extensive delegation to officers. Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution. The exercising of delegated powers is regulated by Financial Procedure Rules, Contract Procedure Rules and other policies and procedures.
- 1.12.2 The Constitution includes a list of roles of officers including officers responsible for undertaking statutory roles. The Chief Executive is the Head of Paid Service. The Deputy Director Corporate Governance is designated as the Council's Monitoring Officer under the Local Government and Housing Act 1989 and the Strategic Director for Resources is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972.
- 1.12.3 The Audit and Risk Committee undertakes the core functions of an audit committee, in accordance with CIPFA's Audit Committees – Practical Guidance for Local Authorities and this is set out in the Committee's terms of reference, which include the Council to act as those charged with governance on behalf of the Council.
- 1.12.4 The Constitution is kept under review by a working group of members appointed by the Council. This work has been largely curtailed during the

pandemic. However updates to the Constitution have been made on the following areas:

- Committee Proportionality
- Officer Scheme of Delegations
- Procedure Rules - virtual meeting public speaking protocol
- Codes and Protocols – Officers’ Register of Interests Protocol
- Register of Members of the Executive

1.12.5 At the Cabinet meeting held on the 21st April 2020, the Council declared an emergency because of the pandemic and the use of Emergency Powers was triggered. During the lockdown period, Council meetings were suspended but Cabinet meetings continued virtually, and a virtual meeting programme was put in place following Annual Council in June.

1.12.6 Following June 2020 Council, the vast majority of decisions were made through the Council’s democratic decision-making structures reports a small number of decisions continue to be made under emergency powers to enable a timely response. The Decision Log was regularly made available to all Councillors to ensure accountability and transparency in the use of the emergency powers.

### **1.13 Decision Making Arrangements**

1.13.1 The officer structure of the Council operates with a Chief Executive and three Directorates, entitled People, Places and Resources.

1.13.2 The Council’s Chief Executive, Helen Briggs, retired in August 2020 having originally deferred her retirement following the outbreak of Covid-19. The Council stated a recruitment process in December 2019 which was halted due to Covid-19 and one of the shortlisted candidates Mark Andrews was appointed as Interim Chief Executive from August 2020. The Council also appointed Dawn Godfrey and John Morley as Interim Director of Children’s Services and Adult Services respectively. These officers alongside Interim Director for Places (Penny Sharp), Director for Resources (Saverio Della Rocca) and Phil Horsfield (Deputy Director/Monitoring Officer) make up Senior Management Team (SMT).

1.13.3 Matters which require a decision to be made by members are considered by the relevant Directorate Management Team (DMT), who will make a recommendation to the Strategic Management Team (SMT). If approved, the matter is reported, with a recommendation to the Cabinet or other appropriate body.

1.13.4 The Deputy Director for Corporate Governance is designated as the Council’s Monitoring Officer under the Local Government and Housing Act 1989. All reports to a decision-making body must be considered by the Deputy Director for Corporate Governance before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

1.13.5 In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, decisions made by

officers following express delegation by the Cabinet are recorded in writing.

#### **1.14 Performance Management**

- 1.14.1 The Council has a performance management framework through which quality of service and use of resources is measured. Financial and non-financial performance is monitored by Service Teams and SMT on a regular basis and is formally reported to Scrutiny Panels and Cabinet on a quarterly basis.
- 1.14.2 During 2020/21, quarterly reports on corporate plan performance KPIs were switched to a mid-year and year-end report with pandemic priorities taking precedence. SMT put in place a specific performance report for pandemic matters.
- 1.14.3 The performance management framework flows through the Council, down to an individual employee level. All officers have an ongoing “Conversation” with their manager during each year. This process includes aspects of performance management including reviewing progress against objectives and targets and setting new objectives and targets for the forthcoming year. Training and development needs are also identified during this process.
- 1.14.4 The Council also has a Compliments, Comments and Complaints Policy. Compliance with the Policy is reported via the performance management framework and an annual report is taken to Audit and Risk Committee for Member consideration.

#### **1.15 Financial Management**

- 1.15.1 The Council undertook an assessment of its financial management arrangements against CIPFA’s Financial Management Code. The results are discussed in the section on Effectiveness (1.27) but key elements are highlighted below.
- 1.15.2 The Strategic Director for Resources is designated as the responsible officer for the administration of the Council’s financial affairs under section 151 of the Local Government Act 1972.
- 1.15.3 All reports to a decision-making body must be considered by the Strategic Director for Resources before they are submitted to ensure the financial impact of potential decisions is clear.
- 1.15.4 The CIPFA Statement on the Role of The Chief Financial Officer in Local Government sets out the five principles that need to be met to ensure that the Chief Financial Officer can carry out the role effectively. The principles are that the Chief Financial Officer:
  - Is a key member of the leadership-team;
  - Must be actively involved in all material business decisions.
  - Must lead the promotion and delivery of good financial management.
  - Must lead and direct a finance function that is resourced to be fit for purpose.
  - Must be professionally qualified and suitably experienced.

- 1.15.5 The Strategic Director for Resources is a member of the Council's SMT and is actively involved in the key business decisions of the Council. The post holder oversees the development and work of the financial management function at the Council and is the Council's proper officer for matters of financial administration. The post holder is professionally qualified as a CIPFA Accountant with suitable experience. It is therefore confirmed that the Council is fully compliant with the requirements set out in the CIPFA statement.
- 1.15.6 The Council's Medium-Term Financial Plan (MTFP) covers a five-year period. Such an approach to financial planning provides the platform on which the Council can look to deliver public services in accordance with local priorities. Moreover, through horizon-scanning and anticipating necessary change at the earliest opportunity, the Council can plan and react accordingly to not only secure its financial position but to protect services.
- 1.15.7 The MTFP was updated throughout 2020/21 and periodically reported to Cabinet. The updated MTFP, following the Local Government Finance Settlement, was presented to each Scrutiny Panel by the Leader and to Council as part of the budget setting process. Members have up-to-date financial information about not only the current but also the medium-term outlook for decision making purposes.
- 1.15.8 In their External Auditor report issued in November 2020, the external auditors issued an unqualified audit opinion on the Authority's financial statements.
- 1.15.9 The Council has a set of Financial Procedure Rules (FPRs) and Contract Procedure Rules (CPRs) within its Constitution which govern the way in which financial matters are conducted.

## **1.16 Risk Management**

- 1.16.1 Risk Management is embedded in the Council through the Risk Management Strategy. Risk management is an integral part of the Council's decision-making processes. All Council papers include reference to risk to ensure that members and officers understand the impact of decision-making.
- 1.16.2 The Leader is the lead member for risk management. Each risk is assigned a member of SMT as risk owner. SMT is responsible for maintaining the register and monitoring the actions taken to mitigate the strategic risks. The Audit and Risk Committee receives regular reports on risk management, with the ability to refer particular risks to Scrutiny Panels if there is a need to look at them in more detail.
- 1.16.3 The register was reviewed in February 2020 by Audit and Risk Committee and then again in February 2021. The latest risk register review took into account key events including the pandemic and Brexit.
- 1.16.4 The pandemic response has seen risk management become an integral consideration of systems design. For example, work on business grants, winter grant schemes and test and trace support schemes has been centred on mitigating risks around ineligibility whilst at the same time promoting access to available support.

- 1.16.5 Beyond the corporate risk register, the Council also has an Elections Risk Register and Fraud Risk register. Directorates also have their own risk registers albeit in different formats. These registers have not been updated in year and the move to standardise risk registers has been deferred.

## **1.17 Standards of Conduct**

- 1.17.1 During 2020/21 the Monitoring Officer received 5 complaints of alleged councillor misconduct within the County compared to 13 that were received for 2019/20. 1 Complaint has been raised against Rutland County Council councillors, the rest (4) were raised against Town and Parish Councillors.
- 1.17.2 The Council has also (through the Monitoring Officer) actively engaged with the LGA and other bodies to feed views into the review of the Model Code of Conduct. The new Model Code of Conduct has been published will be considered in 21/22 by the Conduct Committee however it should be noted that the major reforms proposed by the Committee for Standards in Public Life are yet to receive a response from Government and legislative changes are required to enable the Council to secure significant improvements in this area.

## **1.18 Counter-fraud and Whistleblowing**

- 1.18.1 The Council received 1 whistleblowing allegation during 20/21 and no reported frauds. The whistleblowing allegation was considered by senior management and Internal Audit. The required assurances and feedback were received, with no further action required.

## **1.19 Developing Effectiveness**

- 1.19.1 Our ability to effectively recruit and retain quality staff is crucial to delivering Council services. Our Recruitment Policy provides the framework to recruit the right staff at the right time. We have continued to develop innovative and creative recruitment strategies which have enabled us to fill difficult to recruit posts and reduce the use of agency and interim staff.
- 1.19.2 During 2020, the use of our Applicant Tracking System and Rutland Recruitment Microsite played a significant part in supporting the Council continue recruitment through periods of lockdown and restrictions. The use of Zoom and Teams supported our interview process where we were otherwise unable to carry out assessment and interview on a face-to-face basis.
- 1.19.3 Whilst face to face delivery of training has been halted, much has continued to be provided but again via Zoom or Teams or through our Learning Management System – this has enabled continuity of essential and mandatory training. Specific supplementary training has been provided in IT skills such as use of Word, Excel and PowerPoint.
- 1.19.4 Our new model of ‘One Conversation’ has continued during 2020 and indeed the model of a remote workforce has reinforced the value of ‘conversations’ between managers and their staff in order to manage workloads, key objectives, development and of growing importance, the wellbeing of staff. .



- 1.19.5 The Health and Wellbeing of our workforce has been a priority for the organisation – recognising the huge challenges and difficulties that our staff were facing as an employee and as an individual. We have delivered a range of programmes and initiatives at a corporate and local level to help support staff as best we can. Our Health and Wellbeing Group has played a key part in supporting the organisation, our managers, and staff. A key part of our approach has been consistency of communication, message, and support. Regular communication, guidance notes, bulletins and toolkits have all been developed to help provide useful frameworks for our staff. We have commenced a process of pulse surveys where we are now able to monitor and track changes in feelings and wellbeing.
- 1.19.6 We have seen reductions in our turnover and sickness levels during 2020 as a consequence of Lockdown and c.65% of our staff working from home (many staff continue to deliver their role in the community). The Council has drawn on existing policies and practices to support flexible ways of working.
- 1.19.7 We have also redeployed some staff to other services or COVID response work in order to cover key and new emerging areas of work – these individuals were particularly drawn from service areas that ‘stood down’ services during periods of Lockdown. We have sought to maximise our resources across the organisation as far as possible with only a small number of areas requiring additional casual support eg. Reablement, Lateral Flow Site, Covid Support Officers.
- 1.19.8 We are now turning our attention to Future Ways of Working, building on the benefits and advantages of working from home and enabling our staff to work smartly and productively.
- 1.19.9 Member development has been facilitated through various individual training sessions on a variety of subjects (long term stewardship in new communities, update for Local Authority Audit Committee members, media training and Scrutiny: Reset and Recovery) offered through organisations such as East Midlands Councils, Local Government Association, and the Centre for Public Scrutiny.

## 1.20 Service Delivery

- 1.20.1 The Council is focused on delivering high quality outcomes at low cost and has always worked in partnership with an eclectic mix of Local Government and Public Sector partners. The Council has a wide range of partners covering a wide range of service areas. Some examples are given below.

<u>Service area</u>	<u>Lead Authority Name</u>
Internal Audit	Local Government Shared Service
Welland Procurement	Melton Borough Council
Out of Hours Emergencies	Harborough District Council
Public Protection	Peterborough City Council
Emergency Planning	Leicestershire County Council
Local Safeguarding Children Board	Leicestershire County Council

<b><u>Service area</u></b>	<b><u>Lead Authority Name</u></b>
Health and Safety	Peterborough City Council
Planning system	South Kesteven District Council
Adoption Services	Leicestershire County Council
Public Health	Leicestershire County Council (with shared Director)
Finance IT systems provision and administration	Herefordshire Council (local authority company, Hoople)

1.20.2 The Council's governance approach to partnerships (working with others) varies according to the legal basis of arrangements. All delegated services are covered by formal delegation agreements. Partnerships/shared services are covered by Service Level agreements. All arrangements have a Rutland Lead Officer, and all documents cover scope of services, performance expected, reporting and termination clauses.

## **1.21 Community Engagement, Partnership working and reporting**

1.21.1 The Council has worked closely with the Community, Voluntary and Faith (VCF) sector to support our residents during the pandemic. This has included setting up a range of services to support, in particular, those residents who are clinically extremely vulnerable and required to shield. Developments have included:

- Introducing a medicine collection scheme to enable those who are vulnerable and/or shielding to continue to access their medicine, this included working with local good neighbor schemes and the NHS first responders to identify local volunteers to support this programme.
- Working with the local Foodbank to support access to food and delivery of food for those unable to shop and who did not have access to local support through family and friends.
- Developing support for our vaccination Centre at Catmose which is supported by a large pool of local volunteers to manage the site and customer experience each day it is open, usually 2-3 days per week. This was one of the first sites launched across the region and has received extremely positive feedback by our residents. The role of volunteers has been critical in enabling the Centre to run safely.

We have established a well-represented local group which brings together key partners across the VCF sector and meets monthly to share key messages about local services and to promote and respond to the needs of our community. This continues to run and has proven a real asset in mobilizing community support for residents.

1.21.2 The Council has two projects that are part of the 'One Public Estate' programme which is supported by Central Government and aims to bring together Central and Local Government together with like-minded private sector partners to deliver services more effectively to the public. These projects relate to St Georges Barracks and the Rutland Hub. This section also includes details of our working on the Local Plan.

### *St Georges Barracks*

- 1.21.3 In November 2016, the Ministry of Defence (MOD) announced it was to dispose of St. George's Barracks. The MOD and Rutland County Council agreed in September 2017 to work together to explore possible options for the future use of St George's Barracks in North Luffenham. Since then, High Level and Evolving Masterplans have been developed, with input from residents for the site.
- 1.21.4 The Evolving Masterplan sets out the policy context, a vision for the site and outlining the consultation process. It provides a potential future framework for redeveloping the site to create around 2,315 new homes for Rutland and more than 2,000 new jobs.
- 1.21.5 In November 2018, a bid was submitted by Rutland County Council to the Ministry for Housing, Communities & Local Government (MHCLG) for the project to be included in the national Garden Communities Programme.
- 1.21.6 The bid was successful, and in June 2019 it was announced that the Council would receive a proportion of the £3 million grant funding to help develop a design and layout proposal that includes the creation of innovative new dementia-friendly neighbourhoods within St. Georges.
- 1.21.7 In January 2019, Rutland County Council's Full Council approved a bid for £29.4m to be submitted to MHCLG to enable essential infrastructure and other works to be brought about in advance of the redevelopment of the St George's site.
- 1.21.8 This will underpin the viability of the project to ensure appropriate and timely investment in infrastructure is put in place. The investment would not only benefit the St George's site, but benefits will be seen across the county as roads and junctions are upgraded along with health facilities and public transport supporting the local community at and around St George's.
- 1.21.9 In November 2019 MHCLG announced that Rutland has been successful in its application. The decision whether to accept the funding was put to Full Council in January 2020 and Councillors voted to defer the decision until further information about the terms of the grant were provided by MHCLG.
- 1.21.10 Homes England, the Government agency that administers HIF, subsequently provided details of the terms and conditions that would apply to the funding and require agreement as part of the contract. These included standard conditions that apply to all HIF (Forward Funding) schemes and six pre-contract conditions that were bespoke to the St. George's Garden Village project.
- 1.21.11 The Council rejected the offer of HIF grant in March 2021. As a result of the HIF decision, later in March Rutland County Council wrote to the Planning Inspectorate to confirm when it intends to provide an update on Rutland's Local Plan Examination. Following confirmation from the Planning Inspectorate that Rutland's Local Plan Examination would need to be paused until there is clarity on the possible implications of the HIF decision, discussions are ongoing about funding for infrastructure and the viability of

current St Georges Garden Community proposals. Once concluded, the outcome of these discussions will be reported back to a future Full Council meeting. Following this meeting, the Council hopes to be able to confirm its position regarding the Local Plan Examination.

#### *Local Plan*

- 1.21.12 The Local Plan sets out planning policies for the Rutland area, as well as listing sites for additional housing, employment and other development for the period 2018 to 2036.
- 1.21.13 Regulation 19 Consultation inviting residents, businesses and other stakeholders to comment on the soundness of the Local Plan took place between August and November 2020.
- 1.21.14 Consultation was originally postponed, owing to the outbreak of Covid-19. Consultation was opened on 27<sup>th</sup> August. Rutland County Council sought views on whether the Local Plan is legally compliant and meets the tests of 'soundness' as set out in the National Planning Policy Framework (NPPF).
- 1.21.15 The Council received 1058 representations submitted by 338 representors (224 individuals and 114 organisations (including Parish Councils, planning consultants on behalf of developers, stakeholders and local resident groups)). Five sets of representations (included within the above) were formally supported by a list of named individuals wishing to put on record their support for the representations made.
- 1.21.16 In line with the Council resolution and as no unforeseen and significant issues have arisen post Publication that would require re-consideration of the Local Plan, the Local Plan and all relevant supporting documents were submitted to the Secretary of State on 3rd February 2021.
- 1.21.17 Responses submitted as part of the Regulation 19 Consultation, together with the Local Plan and all supporting documents, were submitted to the Secretary of State who will appoint an independent Planning Inspectorate, who will conduct an independent review of the plan and all of the representations received, to determine whether the plan is sound. This is called an Examination in Public.
- 1.21.18 The Independent Planning Inspector was appointed in March 2021 and the timetable will be decided subject to the comments made in 1.21.11.
- 1.21.19 On 1<sup>st</sup> September, Full Council voted to withdraw the current Local Plan. The decision to withdraw the Local Plan means Council will now begin work on a new Plan. It is anticipated this will take around four years to prepare. Councillors also voted to set aside almost £1.4million to cover the cost of making a new Plan and operating without one during this period.

#### *Working with the business community*

- 1.21.20 This year's primary focus has been managing the deployment of multiple Covid-19 Business Support Grants. The Economic Development Team worked with the Revenues and Benefits team and the Communications and

the IT teams to create an effective cross-Council group. This group has ensured the effective and timely deployment of grants in excess of £6m since April 2020. This is in addition to the £12m announced by the Government at the end of March 2020 and deployed to businesses through April and May 2020.

1.21.21 A Grant Application for £35,600 to the Communities and Local Government Unit was successful. The funds have been used to support our high streets to operate safely within Guidelines for example through provision of social distancing signage as well as communications campaigns to assist those using the high street.

1.21.22 Rutland is now strategically aligned with Greater Lincolnshire Local Enterprise Council, and we are contributing to the development of plans to support economic recovery and growth across Lincolnshire and Rutland. Our local businesses also have access to specialist business advisors via the Lincolnshire Growth Hub; providing access to information about programmes and initiatives to support growth.

<https://www.rutland.gov.uk/my-council/council-news/council-agrees-financial-support-package-for-sports-centre/>

1.21.23 We also organise an Annual Tourism Forum through the Discover Rutland Tourism Committee for groups, businesses and individuals connected with tourism in the local area. This year's forum took place in a virtual format on 30<sup>th</sup> November and included a review of achievements in the previous 12 months, the sector Covid Recovery Plan, and insights from Visit England.

<https://www.discover-rutland.co.uk/>

### *Working with health*

1.21.24 In parallel with jointly mobilising health and care organisations across LLR to respond to the Covid-19 pandemic, the LLR Sustainability and Transformation Partnership continued to look further ahead, reshaping health and care services in 2020-21 around the needs of the LLR population under the Better Care Together programme. In line with the 2019 NHS Long Term Plan, LLR moved into its next phase of integration by demonstrating its readiness to become an 'Integrated Care System' (ICS) and transitioning to this status in April 2021.

1.21.25 LLR is now formally recognised as a designated ICS which enables the system to move forward at pace to deliver its full ambitions. This will be achieved through harnessing the collective power of its health and care partnership to deliver better services and tackle inequalities which lead to unfair and avoidable differences in the health of local people. Prevention will be a stronger dimension of joint working, as will using population health data and management to better shape and target services. How Adult Social Care and Public Health fit into the picture is progressively being clarified. The LLR programme is a standing item at the Rutland Health and Wellbeing Board.

1.21.26 Under the umbrella of the emerging ICS, preparatory stages were undertaken through collaboration between local partners for the creation of a Place-based

health and care plan for Rutland, as required by the NHS Long Term Plan. This mechanism will enable more decisions about how health and care services are structured and funded to be determined at the local level, overseen by the Rutland Health and Wellbeing Board. Rutland is both a Place (the Local Authority tier) and a Locality (mapped to the Rutland Health Primary Care Network of GP practices), opening up significant potential for partners to plan Rutland's health and care services in a more integrated way than ever before, through a close alliance between the Council, the Rutland GP practices, community health services and the voluntary and community sector. The Place plan, in preparation now, is for delivery in 2022-25.

1.21.27 In parallel, delivery of the local Better Care Fund programme in 2020/21 was undertaken against the challenging context of the pandemic. Council, NHS and community sector partners continued to provide integrated health and social care approaches tailored to the Rutland context, adapting delivery to respond to the exceptional circumstances experienced over the last year. This included changing modes of delivery to be Covid safe, with increased remote service delivery by phone or video call and extensive use of robust Infection Prevention and Control procedures and equipment for face-to-face services. While most of the programme was delivered as planned, some services were downscaled or temporarily put on hold to enable Covid-related services to be stood up, while some other change proposals were deferred until after the pandemic.

- Unified prevention remained an important focus. This year, the RISE social prescribing service has gone from strength to strength. This is an innovative collaboration between the Council and the Rutland GP practices, which aims to support people facing mental and/or physical ill-health or other challenges to feel more empowered to manage their situation and to pursue personal wellbeing goals that matter to them. The Covid situation created strong demand for these services, as well as for the support provided under the banner of the Community Wellbeing Service. Council and VCF services have worked together closely across the year to support people facing a wide variety of wellbeing-related issues. Plans to put in place a shared secure online referral system for social prescribing will be implemented next year when conditions are more favourable.
- Alongside mainstream community health and social care services, services to support people to remain living independently at home continued throughout the pandemic, including assistance from the expanded Admiral dementia nurse service, the Carers team, the Assistive Technology service, and Housing MOT home checks. Delivery methods were adjusted across the year to ensure the safety of service users. The Disabled Facilities Grant was committed to home adaptation projects supporting independent living, but implementation of the majority of these projects was deferred due to lockdown rules and, when building was allowed, to challenges in working safely in people's homes or obtaining building materials. Projects deferred will be lined up for delivery in 2021/22. We are anticipating strong demand for services whose delivery had to be interrupted, such as strength and balance classes, as part of Covid recovery.
- Hospital avoidance and prompt discharge from hospital when medically fit have both been high priorities this year given the pressures on acute services caused by the pandemic. An amended Discharge to Assess process was embedded in

which patients were discharged to interim care arrangements if required, while their care needs were confirmed. Micare has helped to facilitate this by providing 'safety net' care while needs were being confirmed and care commissioned. As part of this, Micare provided care services to Covid positive individuals when these were difficult to obtain through the provider market, enabling people to be cared for at home where this was appropriate.

1.21.28 During the pandemic, the Council worked closely with health colleagues to help to ensure the wellbeing of those vulnerable to coronavirus. The RISE team, working with others in the Council and beyond, undertook over 2000 'safe and well' calls to vulnerable people asked to shield during each of the three lockdowns to check that they were able to keep themselves safe and well. Issues faced included safe access to food, maintaining mental wellbeing and reducing social isolation, accessing care when informal carers could not visit, and dealing with financial or housing related difficulties. The Council has also helped to ensure that older people eligible for Covid vaccination but not contactable by their GP were contacted to come forward for vaccination, and that people diagnosed with Covid-19 were self-isolating as required.

#### *Other Engagement*

1.21.29 The Council undertakes public engagement and consultation on a range of matters. Outside of the matters discussed above, in 2020/21 this included:

- Barrowden & Wakerley Neighbourhood Plan
- 2020/21 Annual Budget Consultation
- Learning Disability Market Position Statement
- Armed Forces Survey
- Rutland Older People's Accommodation Market Position Statement
- Pharmaceutical Needs Assessment for Rutland
- Local Transport Plan
- Community Safety
- Housing Strategy
- Statement of Community Involvement

1.21.30 Prior to the outbreak of Covid-19 the Council was in the process of developing its communications and engagement approach and this work is being revisited.

1.21.31 As indicated in paragraph 1.9.6 the Council has started its Future Conversation with residents.

## **1.22 Reporting**

1.22.1 All formal meetings are held in public, and the reports and minutes of those meetings are published in accordance with the principles of openness and transparency, unless there are legal reasons for confidentiality. There are opportunities for members of the public to make deputations to, or ask questions at, meetings of the Council, Committees and Scrutiny Committees.

1.22.2 The Council publishes information relating to all of its expenditure on its website and also complies fully with the Local Government Transparency Code 2015 which sets out the minimum data that local authorities should be



publishing and the frequency it should be published and how it should be published. The information published can be found here.

<https://www.rutland.gov.uk/my-council/transparency/>

## **Review of Effectiveness**

### **1.23 Overview**

- 1.23.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of its effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also comments made by the external auditors and other review agencies and inspectorates.

### **1.24 Internal and Management Assurance**

#### *Internal Audit*

- 1.24.1 Assurance - It is the Head of Internal Audit's opinion that Satisfactory Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2020/21. This control environment comprises of the system of internal control, governance arrangements and risk management. This remains consistent with the overall opinion given in recent years.
- 1.24.2 Financial control - Controls relating to the key financial systems which were reviewed during the year were concluded to be generally operating effectively with no significant control weaknesses identified by audit testing.
- 1.24.3 Risk management - Established structures and processes for identifying, assessing and managing risk remained consistent during 2020/21. The strategic risk register was subject to a thorough review in 2020 and was reviewed by the Audit and Risk Committee in February 2021.
- 1.24.4 Internal Audit work is targeted upon the Council's key areas of risk and work completed in 2020/21 has assessed assurances in relation to controls in some of the key areas highlighted on the register.
- 1.24.5 Governance - During 2020/21, the Covid-19 pandemic resulted in a number of restrictions and a range of additional responsibilities placed upon the Council to drive the national response and support to local communities. During this period, controls were promptly implemented to support transparent decision making and alignment with the Council's Constitution. This included a comprehensive record of delegated decisions - detailing the delegation applied, the reasoning and the consultation conducted. This log has been shared with Internal Audit on a weekly basis and informed an ongoing review of governance throughout the year.

- 1.24.6 Based on the findings of Internal Audit work in 2020/21, there are no significant governance issues that the Head of Internal Audit wishes to draw to the attention of the Council for inclusion in its Annual Governance Statement.
- 1.24.7 **Internal control** - For the audits completed in 2020/21, 100% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.
- 1.24.8 Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

## **1.25 Scrutiny**

- 1.25.1 The Council has three scrutiny committees, which within their respective areas of responsibility; Adults and Health, Children and Young People, and Growth, Infrastructure and Resources, influence policies, scrutinise decisions made by the Council and review services provided by the Council and its partners.
- 1.25.2 Decisions made by the Cabinet may be called in by a scrutiny committee in accordance with the provisions of the scrutiny procedure rules laid out in the Constitution. (Procedure rule 206).
- 1.25.3 During 2020/21 Scrutiny meetings were put on hold during the early part of the pandemic but resumed from June.
- 1.25.4 Areas considered this municipal year include:
- The Local Plan, including the Statement of Community Involvement
  - Adult Social Care response to Covid 19
  - The response to the OFSTED and the Children Services Improvement Plan
  - The Housing Infrastructure Fund Contract
  - The Parking Strategy
  - CQC Review of Safeguarding and Children Looked After Health Services
  - SEND and Inclusion Service
  - Participation and Engagement Strategy
  - Experience of health and social care in Rutland during the Covid 19 lockdown
- 1.25.5 Scrutiny Committees also consider service area performance indicators in relation to their scope and remit as set out in the terms of reference for each committee.
- 1.25.6 In depth scrutiny reviews (task and finish groups) have not been undertaken this year due to the additional time demands this would make for officers already dealing with the pressures of Covid-19 work.
- 1.25.7 The work of last year's task and finish group on Biodiversity, which had been halted during the pandemic, has recently resumed.

- 1.25.8 The Scrutiny Commission continues to provide a platform for Chairs of each committee to meet and share best practice.
- 1.25.9 The Commission have sought views on improving the scrutiny process and will be outlining shared ideals in their end of year Annual Scrutiny Report to Council.

## **1.26 Complaints**

- 1.26.1 Due to the pandemic, the Councils Annual Compliments, Comments and Complaints report had been delayed. A general Information Governance Annual report, including complaints, will be presented to the Audit and Risk Committee at the start of the new municipal year.
- 1.26.2 Stage 1 complaint response times show that 94% (62 out of 66) of stage 1 complaints are answered within the deadlines set within the complaints policies. Stage 1 complaints have further reduced by nearly a third (30%) on 20/21.
- 1.26.3 Improvement has been made with 100% (18 out of 18) of stage 2 complaints answered within the deadlines. Stage 2 complaints have also reduced by nearly a third (29%).

## **1.27 Financial management arrangements**

- 1.27.1 The Council undertook an assessment of its financial management arrangements against CIPFA's Financial Management Code. This exercise was done by the s151 Officer in consultation with the outgoing Portfolio Holder for Finance (changed from 23<sup>rd</sup> February). This assessment was then independently reviewed by the new Portfolio Holder for Finance and SMT. The key improvement areas are:
- The need to develop an Asset Management Plan that articulates the condition of the current asset portfolio, the corporate need/fit of assets and the Council's approach to asset management, disposal and acquisition.
  - Increasing the frequency of budget discussions with Cabinet members (in between formal quarterly reporting) and then briefing Members.
  - Completion of the effectiveness assessment of Audit and Risk Committee.
  - Refresher finance training for budget managers and Members.
  - Integrating financial management and operational performance management.

- 1.27.2 The Council will work up plans to address these issues over the next year.

## **1.28 Financial performance and resilience**

- 1.28.1 Various financial reports on financial management were presented to Cabinet during the year. The reporting cycle did not follow the usual pattern of quarterly reporting until Quarter 2 with an update report in advance of that focusing on the impact of Covid-19.
- 1.28.2 The quarterly reports analysed the financial position against the approved

budget but also explained what additional funding had been received and how this was used. The additional Covid-19 funding did enable the Council to respond appropriately to the pandemic in year and went along way to compensate the Council for increased costs and the loss of income.

- 1.28.3 At the year the Council was £2.2m underspent. A full copy of the Council's Outturn report can be found at:

<https://rutlandcounty.moderngov.co.uk/documents/s20051/Report%20No.662021%20-%20Outturn%20Report.pdf>

- 1.28.4 The underspend will be used in 21/22 to offset any further Covid impacts and increased service costs in future years.

- 1.28.5 Prior to Covid-19, the Council was already forecasting a financial gap (it plans to spend more than it receives in funding) of c£1.5m - £2m and this gap increased to £2.4m following the Local Government Finance Settlement which offered little new funding.

- 1.28.6 The 21/22 budget was therefore balanced using £2.4m of reserves. The s151 Officer gave the following advice in the budget report:

*"The Council must commit to producing a balanced budget i.e., one that does not rely on reserves by 23/24. The Council must start work now to close the gap. It should aim to make savings in year and be underspent against its 21/22 budget by at least £1m. It should also commence work on other projects that will enable it to reduce reliance on reserves to a minimum of £1m by 22/23".*

- 1.28.7 Council members understand that this position is not sustainable in the medium term and is working on a range of strategies to address this position as part of its response. This involves:

- Starting a series of key strategic projects in critical service areas that will examine and revisit the current Council's offer
- Identifying options now to save money/generate income

- 1.28.8 This work will be brought through the governance processes in the first quarter of the 21/22 financial year.

## **1.29 Corporate performance**

- 1.29.1 Performance of the Council towards achieving the objectives laid out in the corporate Plan is monitored through the use of a number of key performance indicators. At the end of 2020/21, despite the significant impact of the pandemic, performance across the authority remains good. Of those indicators where data is available 72% were achieved during the year. The areas where the Council is below target includes:

- Net additional homes provided.
- Number of affordable homes delivered.

- 1.29.2 The impact of Covid-19 on the national and local economy, including the restrictions on the construction industry during the national lockdown has contributed to the reduced performance for these indicators. There is evidence

that the housing market in Rutland is still buoyant and with the continued easing of restrictions it is reasonable to assume that rates of housebuilding will rise from the level experienced in 2020/21.

- % of eligible children registered with Children's Centre.
- % of target families registered with sustained engagement.

The Children's Centre has been closed for the majority of the last year and this has impacted upon the number of families who are registering with the service face to face service delivery which has reduced engagement levels.

1.29.2 As indicated above, alongside a refresh of the Corporate Plan, the Council will review its performance management framework in the final quarter of 21/22. This will include various aspects:

- Aligning performance measures with new objectives/priorities
- Consideration of extending performance information to include areas not currently covered e.g., carbon footprint, staff wellbeing, customer information
- Bringing together financial information into the corporate performance report
- Reviewing performance systems to ensure they facilitate the efficient collection and reporting of information.

### **1.30 Information Governance and related issues**

1.30.1 The Data Security and Protection Toolkit is an NHS online self-assessment tool that allows us to measure our Information Governance performance. Organisations that have access to NHS patient data and systems must complete this assessment to provide assurance that personal data is handled correctly.

1.30.2 Due to the pandemic the deadline for the completion of the 2020/21 submission has been delayed until June 2021.

1.30.3 Freedom of Information Act 2000 (FOI) - Due to the pandemic the Councils Annual FOI report has been delayed. A general Information Governance Annual report, including complaints, will be presented to the Audit and Risk Committee at the start of the new municipal year.

1.30.4 1516 FOI and EIR requests were received by the Council in 2020/21; 88% answered within 20 days. No complaints have been reported to or investigated by the Information Commissioners Office (ICO). 9 requests required an internal review. 7 reviews have been completed with satisfied with the outcome. A further 2 reviews are ongoing.

1.30.5 Personal Data Breaches – The Council recorded 17 reports of potential data breaches in 20/21. This is a 40% reduction on last year. All were investigated to satisfactory conclusion with actions and recommendations completed to mitigate further incidents of a similar nature. 2 data breaches were escalated to the ICO and in all cases the Council were found to have taken the appropriate measures with all actions completed.

- 1.30.6 Subject Access Requests (SAR's) – The Council received 46 SAR's in 2020/21 compared to 47 in 2019/20. With an average number of 952 pages for each response during 2020/21.
- 1.30.7 In March 2021 the Investigatory Powers Commissioner's Office (IPCO) undertook a remote inspection as part of their programme of inspections and covered the use of directed surveillance and covert human intelligence sources (CHIS) in accordance with the provisions of the Regulation of Investigatory Powers Act 2000 (RIPA) and the acquisition of communications data in accordance with the provisions of the Investigatory Powers Act 2016. The full report has been presented to the Audit and Risk Committee in April 2021, with the following recommendations to be completed by April 2022.
- A refresh of the Policy
    - Staff training updated
- 1.30.8 The Council continues to participate in the *National Fraud Initiative* (NFI) programme and investigated possible matches in the following areas. For 2020/21 only Electoral Registration and Council Tax datasets were required, matches are then identified where households are getting single occupant discounts, but other datasets possibly reflect that more than one resident is in the household. Rutland had 1,737 matches to review.
- Council Tax to Electoral Register - 957
  - Council Tax rising 18s – 17
  - Council Tax to other datasets – 22
  - Council Tax to HMRC household composition - 741
- 1.30.9 The Council investigated all possible lines of enquiry and no matches suggested actual fraud had occurred.
- 1.30.10 Proactive work was undertaken in respect of Council Tax Single Persons Discounts. Recipients were contacted to confirm their ongoing eligibility. This has resulted in c£38.3k of savings as discounts have been withdrawn where recipients have not responded or have confirmed their circumstances have changed.

#### *Project Management*

- 1.30.11 The Council has a Project Management Framework which includes the role of the Project Management Office, a scalable Project Management Methodology and Project Management Support. All new project managers coming into the Council are provided training on the methodology to ensure consistency of approach. The updated Project Management Methodology is in use for all corporate projects and has been useful in managing some of our more high-risk projects.
- 1.30.12 Progress on all projects is also monitored through SMT to understand and overcome any potential issues/risks before they become problematic. This provides an additional layer of challenge outside of the local governance structures put in place for each project (e.g., project boards), and allows for the independent escalation of issues.

1.30.13 The Council delivered the following projects in year.

Project	Outcome
Covid Recovery Programme	Series of projects/work to be carried out in response to the impact of Covid-19 on service areas
PCC Election	Deliver PCC election, ensuring that: - Voters can vote easily and know that their vote will be counted in the way they intended. - Candidates standing for election can find out how to get involved, what the rules are, and what they have to do to comply with these rules, and they can have confidence in the management of the process and the result.
Capita Cloud Hosting	Migration of the Capita system from an on-premise server on to the Cloud platform
Digital Rutland – Local Full Fibre Network (LFFN)	To deliver full fibre upgrades to key public sector sites and provide stimulus to further commercial deployment of full fibre
MyAccount	Service Request management system developed and to be made available (in July) to customer to provide an online channel for them to raise their service requests.
Future Rutland	1) To understand what matters most to the people of Rutland (residents and businesses) for how they live their lives in the County 2) To develop a conversation with the people of Rutland to support the Council to establish a clear vision for the county that us used to inform decision making and key strategies 3) To engage more with people who do not normally engage with the council with Council communications or consultations
Rutland One Public Estate - St Georges (inc. HIF)	To develop a sustainable garden village following the closure of St George's barracks
Waste Contracts (inc. Contract Extensions)	Project to re-procure all of the waste services through a rationalised approach to determine synergies across services, starting with the extension of contracts to 2024
Leisure Contract (inc. Contract Extension)	Project to re-procure leisure services through a rationalised approach to determine the needs to the community before any decisions are made on the service to be provided
Highways Contract	Project to re-procure Highways Term Contract through a rationalised approach before any decisions are made on the service to be provided
Local Plan	To deliver a local plan that has been through the proper consultation process and approvals from Government
SEND Capital Programme	Project to commit DfE Special provision funds to provide SEND facilities and positively impact the High Needs Budget
Catmose Extension Project	The expansion of Catmose College to provide the ability to take on additional students

### *Business Continuity*

1.30.14 Specific recovery plans are in place for the five key threats listed below.

- loss of key staff (skills/knowledge)



- loss of telephone system
- loss of buildings
- loss of ICT and
- loss of utilities.

1.30.15 The business continuity plans also consider the loss of key suppliers across areas, the impact on services and how quickly service provision can be restored through alternative arrangements.

1.30.16 Some aspects of the plans were put into place as part of the Council's response to Covid-19. As part of an ongoing lessons learnt exercise, Business Continuity Plans were reviewed by the Local Resilience Forum and highlighted some areas for improvement.

1.30.17 The improvements points included:

- Embed training and review of staff's allocated resilience roles to increase staff and organisational resilience
- Embed concurrent incident response with regards to internal response structure and staffing
- Implement business continuity plan gap analysis
- Review business continuity plans and amend to include additional information that may be required for response to a second wave of COVID- 19
- Review business continuity plans and include considerations regarding external contractor provision
- Reprioritise medium term working arrangements to anticipate COVID 19 response becoming part of normal service
- Maintain current staff wellbeing programme

1.30.18 The Council has now commissioned the LRF to help develop a new BC plan framework based on work they have already completed at some other Leicestershire districts.

#### *Management Assurance*

1.30.19 Managers have all completed an assurance statement highlighting whether there may be controls issues in their areas. As expected, there are areas where improvements are required as identified through audit reports or other work. None of the issues raised are considered to be Significant Control issues.

### **1.31 External Audit, Inspections and Reviews**

#### *External Audit*

1.31.1 The Audit and Risk Committee has received and formally debated the Annual Audit Letter and External Audit Annual Plan. The new auditors Grant Thornton, in their Annual Governance Report for 2019/20 gave the Council an unqualified conclusion on the Statement of Accounts and Value for Money opinion. No concerns were reported regarding the Council's arrangements for securing financial resilience.

## OFSTED

- 1.31.2 There has been no formal inspection activity undertaken by Ofsted in Rutland since the ILACS inspection in March 2020. In January 2021, an annual engagement meeting took place with the Ofsted regional director and senior HMI to discuss Children's Services self-assessment and progress since the previous inspection. Ofsted are likely to undertake an ILACS focussed visit to Rutland Children's Services in May/June 2021.
- 1.31.3 As a result, we have refreshed our Children's Services improvement plan which was signed off by the Children's Services Improvement Board in March 2021.

## Ingson Review

- 1.32 In October 2020 we invited Ingson Consultancy to undertake a review of assessments and care planning for children subject to (i) child protection plans and (ii) children looked after in Rutland. The purpose of this was to review progress in relation to the Ofsted improvement plan and benchmark improvement since the inspection report published in March 2020.

### Key findings:

- Voice of the child: Many plans, assessments and case notes offer good information about children and young people and descriptions of their life circumstances. The views and wishes of children were often paraphrased or written in adult language and the child's direct words had not always been recorded. This is a key focus for development for Rutland.
- Plans: The review identified work to be done on making and progressing plans highlighting that while some child protection plans are comprehensive, they sometimes leave little room for development of the plan by the core group. Good practice was noted in terms of looked after review meetings focusing on the important issues for children and actively progressing the plan.
- Assessments: In terms of analysis assessments reviewed in Rutland showed mixed practice in this area, with the majority showing some evidence of analysis which could have been expanded further. However, there was also some good practice in this area and examples of good analyses can be found in recent assessments.
- Management Oversight: The quality of the supervision recording was variable: some were reasonable or good, but others lacked depth and clear focus. Supervision and management oversight was seen to be better in the Child Protection Cohort.
- As a result of this, we:
- Have strengthened our improvement actions plan to focus further on the areas of practice identified above.

- Workshops held with social work team on recording direct voice of the child to be led by Rutland participation and engagement lead
- Bespoke programme of mentoring and coaching for social work managers in relation to good supervision practice
- Investment in recording system for social care to reflect Signs of Safety methodology in assessments and plans

### *Regional Peer Challenge*

- 1.32.1 In March 2021 Derbyshire County Council came to Rutland as part of the East Midlands Regional Sector Led Improvement programme. The focus of the peer challenge was the higher-than-average re-referrals to children's social care. The findings of this challenge confirmed our own analysis that there remained work to be done with our partners in their understanding of their responsibilities in early intervention and this is an area of focus for our children's services review. We are still awaiting the final report.

### *Public Services Network compliance*

- 1.32.2 The Council must demonstrate compliance with the Public Services Network (PSN) on an annual basis. The PSN is an information assurance mechanism to support the connection of the Council's network to other government networks. The Council undertakes an IT Security Health-Check annually (carried out by an accredited third party) to identify any compliance issues. Once these have been addressed, the Council completes a PSN renewal submission. This check was carried out in January 2021 and the Council is expecting to submit a new PSN submission in May 2021.

## **2. Summary**

This statement has been considered by the Audit and Risk Committee, who were satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

### **2.1 Significant Governance Issues**

In the 19/20, the Council highlighted one significant governance issue.

"The Council has been undertaking work in relation to the management and administration of Community Infrastructure Levy. It has identified a historic significant governance issue and is preparing a report for Cabinet for December to consider the matters arising as they fall within its remit. Whilst details are still being finalised, for the purpose of the AGS, we deem the issue to be a Significant Governance Issue and can report the following:

- The full-time CIL Officer left the Council in 2017, and until recently, the management and administration of CIL has been undertaken by temporary interim agency support with periods when the post was not covered.
- This situation is now resolved with a full-time permanent member of staff in post.
- The new CIL officer has undertaken an internal review of the CIL process initially in operation between 2016 and 2019. This uncovered issues related to software connectivity between the planning application case management

system and the CIL monitoring system, as well as some procedural “gaps” which resulted in a number of potential unclaimed CIL liabilities during this period.

- Each historic case has been researched in detail and then considered by a team led by the Director of Places with specialist external legal support and the Council’s Monitoring Officer.
- The above review has concluded that certain CIL liabilities can no longer be collected from developers i.e., CIL income which was due to the Council is effectively lost. The value was estimated at £150k but this was uncertain at the time.
- An improvement plan is in place, which has been informed by Internal Audit, and this will be detailed in the Cabinet report with a suggestion that the Audit and Risk Committee receive a further report detailing action taken to implement the improvement plan”.

An update on this significant risk was reported to Cabinet on 31<sup>st</sup> July 2020 with a follow-up report considered by Cabinet on 17<sup>th</sup> November 2020. At that meeting, it was noted that, as a result of the issues outlined in that report, a small number of Parish and Town Councils may have missed out on CIL Payments. As a consequence, (and in addition to the recommendations made in the Report) Cabinet considered that, as Parish and Town Councils had not received CIL payments they may otherwise have received, the County Council should make equivalent payments to the amount of CIL. This recommendation from Cabinet was considered and approved by full Council at its meeting held on 11<sup>th</sup> January 2021. The actual loss was c£157k.

Following these decisions and as there is a continued implementation of the improvement plan, this matter is now considered closed.

## Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Rutland County Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and in particular that changes made to planning procedures should minimise the risk of a similar problem reoccurring.

Signed: 

Mark Andrews, Chief Executive

Date: 15 October 2021

Signed: 

Oliver Hemsley, Leader of the Council

Date: 15 October 2021

## Glossary

Agresso	Rutland County Councils finance software system
AGS	Annual Governance Statement
BAU	Business as Usual
CHIS	Covert Intelligent Human Sources
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance
CPR's	Contract Procedure Rules
CQC	Care Quality Commission
DfE	Department for Education
DMT	Directorate Management Team
EIR	Environmental Information regulations
ELRCCG	<i>East Leicestershire and Rutland Clinical Commissioning Group</i>
FOI	Freedom of Information
GP	General Practitioner
GDPR	General Data Protection Regulation
HIF	Housing Infrastructure Fund
ICO	Information Commissioner's Office
ICS	Integrated Care System
ICT	Information and communications technology
ILACS	<i>Inspections of local authority children's services</i>
IPCO	Investigatory Powers Commissioning Office
KPI	Key Performance Indicator
LLR	Leicestershire, Leicester & Rutland
LRF	Local Resilience Forum
LRG	Local Resilience Group
LSCG	Local Strategic Coordinating Group
LTCG	Local Tactical Coordinating Group
MHCLG	Ministry for Housing, Communities and Local Government
MICARE	Rutland County Councils Supported Living and Day Opportunities Service – Adults Social Care
MOD	Ministry of Defence
MTFP	Medium Term Financial Plan
NHS	National Health Service
NFI	Nation Fraud Initiative
NPPF	National Planning Policy Framework
OFSTED	Office for Standards in Education, Children's Services and Skills
PSN	Public Services Network
RALSS	Rutland Adult Learning Skills Service
RCC	Rutland County Council
RISE	Rutland Integrated Social Empowerment – Adults Social Care
RSCG	Rutland Strategic Commissioning Group
RTCG	Rutland Tactical Commissioning Group
SEND	Special Educational Needs and Disabilities
SMT	Strategic Management Team
SOLACE	Network for local government and public sector professionals
VCF	Voluntary Community Faith