Rutland
County Council

Statement of Accounts

2017/18

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Rutland County Council
Statement of Accounts 2017/18

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Narrative Report

Introduction to the Accounts by the Assistant Director of Finance, 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 2018. 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 2017/18
   b. Key Events affecting the Council in 2017/18 and a look ahead to future years
   c. Review of financial performance in 2017/18
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. Rutland was named the second best rural place to live in Britain in the annual Halifax Rural Areas Quality of Life Survey in April 2018.

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 37,400 (source: ONS, 2011 Census) which has increased by 8% since 2001. The population is projected to grow by a further 12% by 2020. The demographics for the county show that whilst there is a predicted 12% increase in population by 2020, there will be a larger increase in the over 64 years old age group of 25%. This will have an impact on the services that the Council provide to this age group in years to come.

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). The Council has 26 elected members representing the 16 wards of the county. The political make-up of the Council at the end of the financial year was 17 Conservative, 5 Independent, and 4 – non-aligned.

The Council has adopted the Leader and Cabinet model. A new Leader, Cllr Oliver Hemsley, was elected in January 2018 following the resignation of the then Leader Cllr Tony Mathias. By the end of 2017/18 Cabinet comprised 6 Conservative members with responsibility for the following Portfolio areas:

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1. Rutland One Public Estate & Growth, Tourism & Economic Development, Resources (other than Finance and Communications)
2. Planning Policy & Planning Operations, Highways & Transportation and Communications
3. Regulatory Services, Waste Management, Property Services, Culture & Leisure, Finance including Revenues & Benefits and Internal Audit
4. Safeguarding – Children & Young People, Armed Forces Champion
5. Safeguarding – Adults, Public Health, Health Commissioning, Community Safety & Road Safety
6. Lifelong Learning, Early Years, Special Educational Needs & Disabilities,

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

1. Helen Briggs – Chief Executive
2. Dr Tim O'Neill – Director for People
3. Mark Andrews – Deputy Director for People
4. Debbie Mogg – Director for Resources (shared with South Kesteven District Council from November 2017)
5. Saverio Della Rocca – Assistant Director - Finance (s151 Officer)
6. Dave Brown – Director for Places (Environment, Planning and Transport)

Paul Phillipson, the previous Director for Places (Development and Economy) left in July 2017 following a service review. The Places Directorate structure is being reviewed.

The Council has four Strategic Aims that are underpinned by the new Corporate Plan and Council Priority of ensuring that our medium term financial plan is in balance. The table below identifies the Strategic Aims which remain unchanged in the year.

Strategic Aim	Objectives
Sustainable growth Delivering sustainable growth in our County supported by appropriate – housing, employment, learning opportunities & supporting infrastructure (including other Public Services)	Sustainable growth of a population increase of between 1,680 and 2,160 by 2020 Work with Health colleagues to create a sustainable future for Rutland Memorial Hospital as the Health and Social Care Hub providing enhanced medical facilities and services for the Rutland Community Explore the right strategic partnerships to increase sustainability Develop Phase 2 of Oakham Enterprise Park to create further employment and business growth opportunities Continue to maintain our road network as cost effectively as possible Reduce on-going energy usage by making our street lighting as efficient as possible Continue to explore Localism and the opportunities for devolving services to our Parish and Town Councils Support the promotion of Rutland as a place to visit to strengthen the local economy and the impact of the Tourism sector Ensure our Market Towns are vibrant and attractive to both residents and visitor Complete the improvement of roll out of broadband, developing and implementing a strategy for 2020 connectivity for the County
Safeguarding Safeguard the most vulnerable and support the health & well-being needs of our community	Ensure that our procedures and practices support out duty to effectively safeguard vulnerable adults, children and young people Decreasing the impact of smoking, obesity and alcohol consumption on the health and well-being of our community Continuing to support the development of a vibrant Voluntary, Community

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Strategic Aim	Objectives
	and Faith Sector to support our communities through strategic commissioning Demonstrate improved road safety by reducing the number of people injured on our roads Make people feel safer by continuing to ensure low levels of crime and anti-social behaviour
Reaching our Full Potential Plan and support future population and economic growth in Rutland to allow our businesses, individuals, families and communities to reach their full potential	Supporting expanded provision in Primary Care Ensuring there are adequate school places supported by appropriate transport Improving performance across all Rutland Schools Narrowing the performance gaps for Looked After Children, Children with Special Educational Needs and between boys and girls Raising skills levels throughout the adult population Continuing to reducing crime and anti-social behaviour Support our communities to access cultural, recreational and volunteering opportunities
Sound Financial and Workforce Planning Ensure that our medium term financial plan is in balance and is based on delivering the best possible value for the Rutland pound	A balanced MTFP Undertaking, over the life of the Council, a Zero Based Budget review of all expenditure and income Review the Council's property portfolio to ensure we are making best use of our assets – this will include our Libraries, Rutland County Museum, Catmose and all other properties Maximise collection and recovery rates Drive efficiencies in back office support through improved use of technology To transform customer access to services through the provision of multi-channel services To be an 'employer of choice' through the delivery of our workforce development strategy To support and develop our workforce

2. Council Performance

The Council regularly produces reports to Cabinet on performance against the Council's strategic aims and the Corporate and Council Priority of Delivering Council Services within our Medium Term Financial Plan.

The latest report can be found on this link which shows 91% of indicators were on or above target.

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3. Financial Performance

a) Key Issues that have influenced the Financial Position for 2017/18

The local government finance settlement included a 4-year funding settlement offer to local authorities. The settlement offered a significant reduction in Government funding over the next four years on the assumption that Rutland, like other local authorities, could raise council tax to mitigate the loss of Government funding.

The key outcomes of the settlement were:

- The available funding resources to the Council was £33.730m compared to £34.121m in 16/17 with Revenue Support Grant reduced from £2.353m to £889k;
- Transitional grant funding continued at £336k but Rural Service Delivery grant reduced from £843k to £681k;
- A one off Adult Social Care grant of £136k was received; and
- The available funding of £33.7m included Council increases council tax of 3.99% (including 2% for the social care precept).

The budget for the year was set assuming that all existing services were to continue, providing the same standards as in the previous year and the associated costs formed the base budget for 2017/18. Key features of the budget of £34.019m included:

- £807k of new service pressures and other one off expenditure of £330k funded from reserves or new grants; and
- £817k of new savings and savings planned from previous years of £770k.
- using £19k from its General Fund and £270k from earmarked reserves alongside other funding of £33.730m.

The Medium Term Financial Plan (MTFP) for 2017/18 to 2021/22 was approved by Full Council in February 2017. Over the period it assumed a continuation of the existing services with allowances for service pressures, inflation and planned savings for 2017/18 and beyond all built in. As the funding position was set out in the 4-year offer, the Council was also able to build in funding figures up to 19/20 with some certainty. Beyond that the Council assumed that funding would reduce further.

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. At that time the financial gap was projected to be £1.8m in 2020/21.

A capital programme for 2017/18 was approved and was 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. Any impact on revenue as a result of this was built into the MTFP.

The Treasury Management Strategy (TMS) 2017/18 was approved by Full Council in February 2017. The Strategy complied with the Local Government Act 2003 and supporting regulations which require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators that ensure that the Council's capital investment plans are affordable, prudent and sustainable. It also set out the treasury strategy for borrowing and the annual investment strategy. No significant changes were made to the TMS in year.

Material transactions to be noted for the year relate 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.

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The Council's net pension liability for the Local Government Pension Scheme has decreased from £37.8 million to £37.1m in the year to 31 March 2018. 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. While the value of assets has increased by £3.5 million during the year, at the same time liabilities have increased by £2.8 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.

b) Key Events affecting the Council in 2017/18 and a look ahead to future years

Between 10 July 2017 and 14 July 2017, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Rutland to judge the effectiveness of the area in implementing the disability and special educational needs (SEN) reforms as set out in the Children and Families Act 2014. The main findings were very positive and were Children's Scrutiny Panel in September 2017 and a series of actions were agreed including reviewing the Local Offer (now completed) and creating a Project Board to oversee the capital funds available to improve and extend SEND provision in Rutland

Later in July 2017, Paul Phillipson, Director for Places (Development and Economy) left following a service review. With the Council's aim to be more commercial and the emerging growth agenda, the Council agreed to support the Chief Executive in reshaping the Places Directorate management structure to ensure that it has the right skills and experience to meet the needs of the Council.

In August, the Council was named the best performing local authority in the country for the provision of social care services that help patients and reduce strain on the National Health Service. Each local authority is assessed on their performance in six individual areas then given an overall ranking, which currently places Rutland number one out of a total of 152 local authority areas.

This performance has continued into 2017/18 with an average of 92% of people receiving reablement care after a hospital stay still living at home three months after being discharged, a projected rate of permanent admissions to residential homes of 196 per 100,000 people aged over 65 this year, well within the target of 322 and the average number of hospital beds taken up by Rutland patients per day due to delays discharging patients have almost halved (5.2 per day per 100,000 adults, relative to 10.25 per day in 2016-17 and a national average target of 9.4).

The Council also kicked off its Local Plan consultation in August. The latest version of the Local Plan is currently being reviewed with the aim of extending the plan period from 2026 to 2036, setting out where additional new housing, employment and other development will be needed during this time. A new draft version is being produced with work on the Local Plan continuing into 2018/19.

In September, the Ministry of Defence (MOD) and the Council announced that we will be working together to explore possible options for the future use of St George's Barracks in North Luffenham.

St George's Barracks (a 300 hectare site) was identified for intended disposal by the MOD in 2020/2021 as part of the November 2016 Better Defence Estate announcement. The Council and the Defence Infrastructure Organisation (DIO) are working together as partners to develop plans aimed at delivering the best possible outcome for the site. Over the next two years a master plan for St George's will be produced and work has already begun to seek input from local groups and organisations with an interest in the site.

The Council has successfully bid for external funding to support preparatory work and has made it to stage two of the Housing Infrastructure Fund (HIF) bidding process. This is a significant project for the Council and one which could have a significant impact on its financial position. Whilst it is too early to be definitive, the additional income (council tax, business rates and new homes bonus) from the development of new homes could have a significant impact on the Council's financial position.

In September the Council made two key decisions that would have a positive impact on the Council's financial position. Both decisions reflected the Council's determination to tackle the gap in its medium term financial position. An annual charge for green waste services, to come into effect from April 2018, was approved by Full Council to help reduce the overall cost of collecting and disposing of Rutland's

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waste, which has risen to almost £2million pa. The Council also approved the removal of council tax discounts for empty homes. Both will help generate net income of up to £500k at a time of reducing Government funding.

In October the new refurbished Library and Visions Children's Centre opened in Oakham following Council investment of just under £1m. The new Visions building is larger and easier to access, providing a more spacious environment for families who use the service. There is also an enclosed outdoor area, allowing children to learn and play outside. The library is also a much more open and inviting space with self-service unit more accessible and a new ICT suite for visitors to use their own laptops and devices.

In 2017/18 the Council continued its project for the regeneration of Oakham Town Centre to ensure a vibrant future for the Town. To deliver this vision, the Council considered various options and ran a public consultation exercise on these options in July. Soon after the public consultation, the project was halted as it become evident that the project did not have wide enough support within the community and Councillors were unwilling to bring forward a project without that support. No physical work was actually undertaken by the Council. The Council remains committed to the need to invest in Oakham as our County town and has established a Task and Finish Group in February 2018 to consider the future of Oakham town.

In November, the Director of People reported progress to the Children and Young People Scrutiny Panel on progress in implementing recommendations arising from the Ofsted inspection of Children's Services which was completed in February 2017. Safeguarding of children is one of the Council's top priorities and the Council has made very progress in tackling the issues raised.

In January, the Council commissioned a feasibility study into the development of the Rutland Hub. The Council is leading a project to bring together the public sector and elements of the private sector into one physical asset. The Partners involved include Leicesterhire Partnership NHS Trust, East Leicestershire and Rutland CCG, Oakham Medical Practice, Healthwatch Rutland, East Midlands Ambulance Service, Leicestershire Fire and Rescue Service and Leicestershire Police. The project is now at feasibility stage which is being conducted by an external consultant. Engagement is underway with local representatives in the form of a public participation group which is feeding into feasibility work to support the development of the project.

In early February, Cllr Hemsley was elected the new Leader following the resignation of Cllr Mathias in January. He will serve as Leader until the next round of local elections in 2019. The new Leader appointed Cllr Begy as Deputy Leader and new Portfolio Holder for Planning Policy and Planning Operations, Highways and Transportation, Communications.

In February the Council approved its Capital Investment Strategy which includes provision to invest up to £10m in commercial ventures to generate additional income to subsidise wider council services. As part of its commercial agenda, the Council has approved further investment of £2.2m to develop the central part of the Oakham Enterprise Park site and in March, the King Centre conversion was completed. Previously the site of Barleythorpe College, the Council invested £200k to convert the former school building, into 12,000sqft of fully-serviced commercial space. The Centre welcomed its first tenant in late March.

At the end of the year, the Council and South Kesteven District Council (SKDC) announced that it would continue to trial the sharing of two director roles as part of a new partnership working agreement. Having provided interim support to SKDC since November, the Council's Director for Resources, will take on the strategic management of these services for both local authority areas as part of an extended trial until June 2018. In addition, SKDC's Strategic Director for Growth & Development, Major Projects and Property Development, will work with the Council for a 12-month period to update the structure of its Places Directorate.

The Council's Medium Term Financial Plan (MTFP) and budget 2018/19 were approved in February 2018 by Full Council. The key message in relation to the MTFP was that the national economic position remains extremely challenging and there was little change to the 4-year offer previously made by Government. No significant additional funding was received in the settlement. Against a backdrop of continued reductions in funding, the Council raised council tax by 4.99%.

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The Council's medium term position remains financially challenging with a need to reduce net costs by over £1m. There are still lots of unknowns and uncertainty in respect of the impact of demographic changes, social care cost pressures, future of local government funding and Brexit. The Council's view is that additional core government funding is unlikely but the alignment of social care with health in the new Ministerial Department may give a better change for more funding for social care in particular. The challenge is becoming increasingly difficult given the level of savings already delivered, the number of low cost services already provided and the continued demand for social care.

c) Review of Financial Performance in 2017/18

In February 2017 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.

One of the emerging themes for 17/18 was the pressure the Council is facing around the demand for and costs of placements in the Peoples Directorate. Irrespective of the budget set, the Council has a statutory duty to respond to social care needs and "safeguarding" is one of the Council's key priorities. In Quarter 1, the Council reported overspends in relation to Fostering and Adoption and Children with disabilities of nearly £500k arising from changing needs of those looked after, increased caseload and use of Independent Fostering agencies.

These pressures persisted throughout the year and had a major impact on overall financial performance. In overall terms, the Council has realised a deficit of £0.656m compared to a current budget deficit of £0.487m. At the Net Cost of Services level the Council's outturn is £35.139m compared to the revised budget of £36.594m. This represents an under spend of £1.455m (circa 4.0%).

The reported deficit is broadly in line with what has been reported in previous quarters. At Net Cost of Service level the quarterly forecasts throughout the year have reduced each quarter reflecting the greater likelihood that some budgets would not be spent and would need to be carried forward or savings made in anticipation of savings targets built into the budget in 2018/19. The full outturn report presented to Cabinet in May can be found on the link below:

http://rutlandcounty.moderngov.co.uk/ieListDocuments.aspx?CId=133&MId=1668

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

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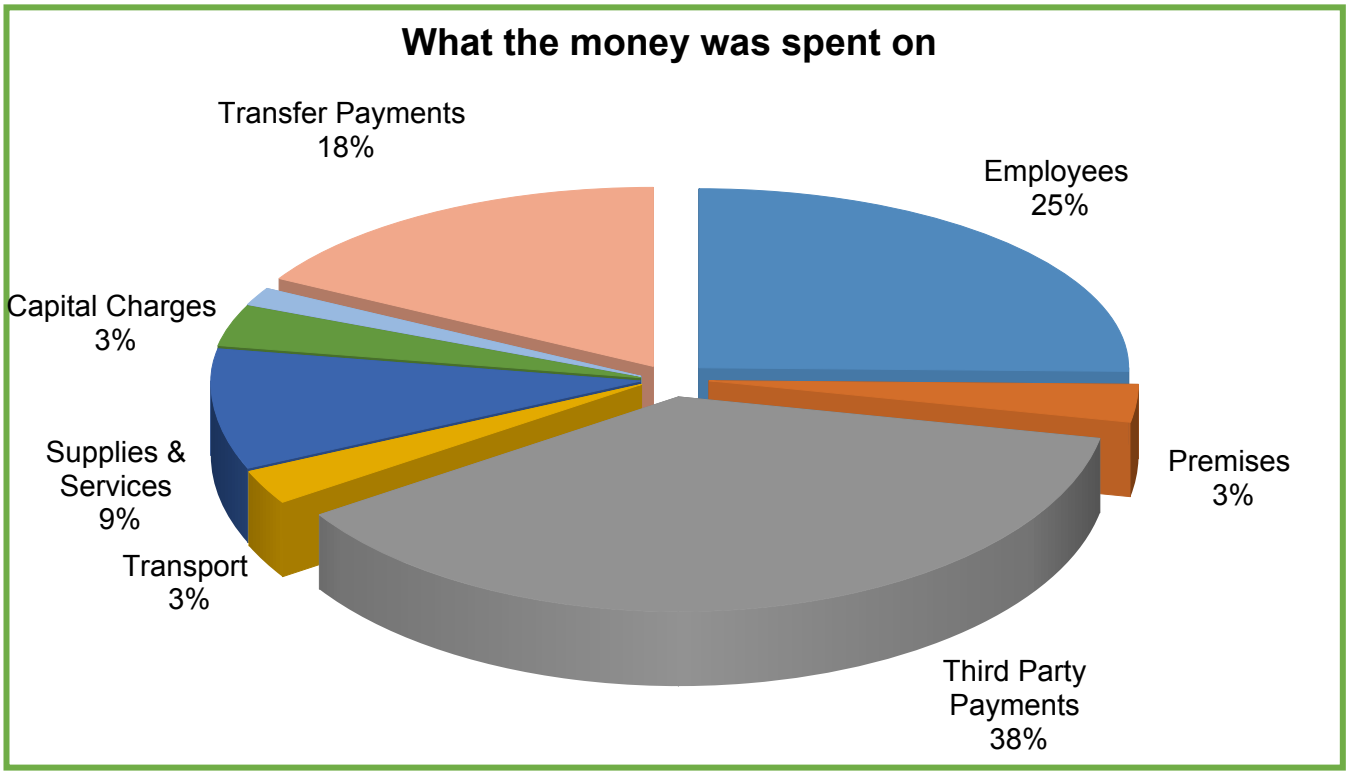

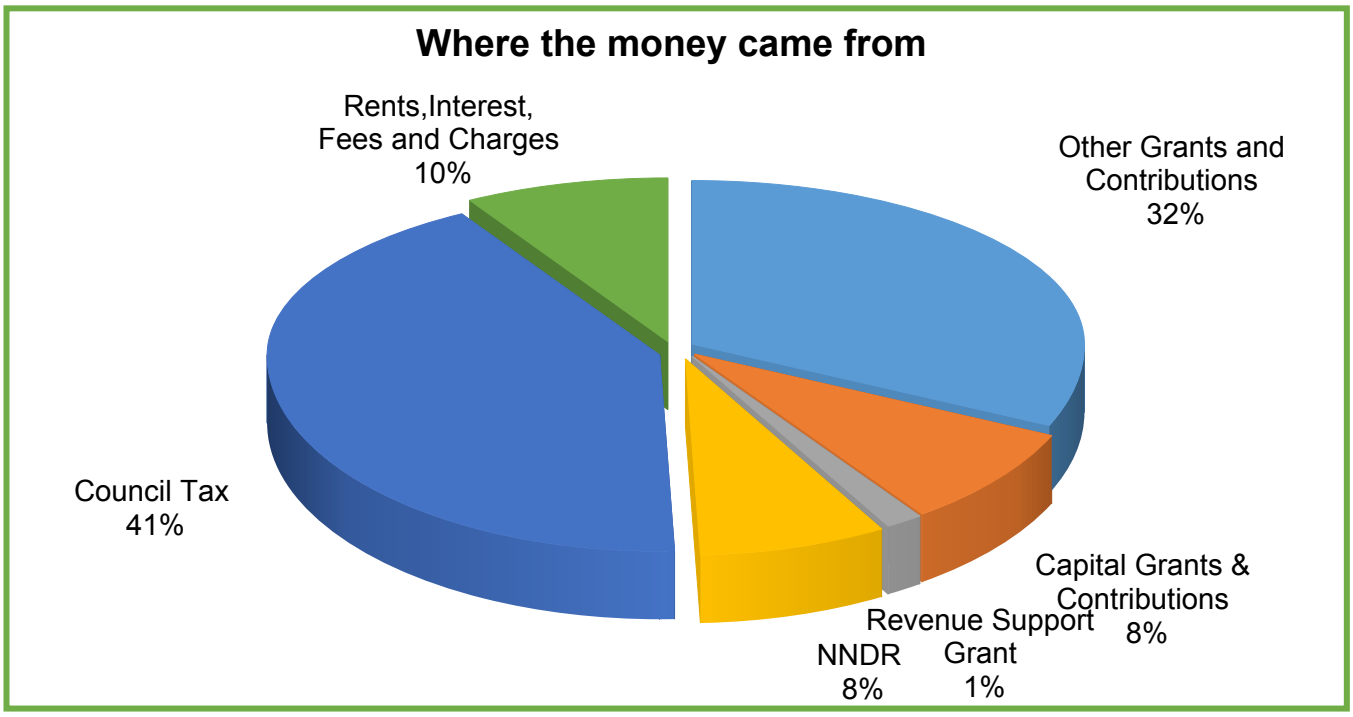

General Fund Revenue Account

The following table summarises the position for the General Fund for 2017/18. The Council is reporting a year end deficit of £656k. This represents an overspend of £169k on its budgeted deficit of £487k. In the context of an MTFP which shows reducing funding levels (Report 43/2018), the overall outcome is reasonably positive because a) the position is better than that reported in earlier Quarters; and b) in reporting an overall overspend, the Council is setting aside some service underspends (the most significant being an adult social care underspend of £315k) into earmarked reserves to meet future

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pressures. Without these transfers, the Council would be underspent against its budget. The revenue position at 31 March 2018 is shown below:

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General Fund	Revised Budget £000	Outturn £000	Variance £000
Net cost of Services	36,594	35,139	(1,455)
Other Operating costs	(147)	(199)	(52)
Net Operating Expenditure	**36,447**	**34,940**	**(1,507)**
Financing	(35,960)	(34,284)	1,676
(Surplus)/Deficit for year	**487**	**656**	**169**

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 £4.199m, compared to the approved capital project budget of £33.046m (i.e. 13% of the approved programme was actually spent) with £0.322m declared as an underspend due to changes to the schools capital programme, and the remaining balance being carried forward for completion in future years.

Expenditure was funded from external grants and contributions (£3.185m), Capital Receipts (£0.341m), and the remainder from Developer Contributions (£0.673m).

Capital Programme – Approved Projects	Total Project Budget £000	Prior Year Budget £000	Outturn 2017/18 £000	Future Year Outturn £000	Estimated Outturn £000	Total Project Variance £000
Commercialisation	13,256	-	203	13,050	13,253	3
Asset Management Requirements	10,398	239	3,409	6,432	10,081	317
Strategic Aims and Priorities	9,392	5,522	587	3,281	9,390	2
Total	**33,046**	**5,761**	**4,199**	**22,763**	**32,724**	**322**

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 May 2017, and satisfied all assurance requirements. Below are our top risks from the Council's comprehensive risk register. Key corporate risks are detailed in the Annual Governance Statement appended to these accounts.

Risk	Impact	Controls
There is a risk that the Council cannot meets its statutory requirement to produce a robust and balanced budget now or in the medium term	Breach of statutory requirement Drastic action needed to rectify the position (e.g. cuts) Erosion of reserves below recommended levels	Lobbying of Government (done individually and with the Local Government Association/SPARSE). Key savings programmes monitored by Directorate team, SMT and through quarterly monitoring. Savings programmes in place

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Risk	Impact	Controls
		and under constant review. Maintenance of a 5 year medium term financial plan (MTFP) with funding and other risks detailed in Budget and Quarterly reports. Risks quantified as far as possible and built into MTFP, e.g. Contracts. Overall financial context discussed and shared with SMT/Cabinet formally and informally including sensitivity analysis over key variables. Economic development plan in place and key growth project (Oakham Enterprise Park). Investment strategy approved
Failure to deliver key services should a significant business interruption occur, including supplier failure	Breach of standard duty Failure to deliver key services Reputational damage	A Business Impact Assessment (BIA) has been carried out to determine which services are critical, how quickly they must be restored and the minimum resources required. A Major Incident Plan has been prepared which defines a structure to: Confirm the nature and extent of any incident; Take control of the situation; Contain the situation; and Communicate with shareholders Specific recovery plans are in place for the 5 key threats: Loss of key staff; Loss of telephone system; Loss of buildings; Loss of ICT; and Loss of utilities Business continuity documents have been uploaded to a secure website (Resilience Direct) to ensure they can be accessed from any site in the event of an incident.

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Risk	Impact	Controls
		Contract procedure rules include the requirement for contract managers to consider the impact of contractor failure and mitigate the risks appropriately. Business Continuity arrangements audited by Internal Audit
Failure to secure delivery of change required within Health and Social Care	Ineffective service delivery and on-going cost pressure and impact on MFTP	Risk highlighted and an allowance made without our MTFP Playing a key role in the LLR STP Project Working directly with ELR-CCG to achieve improved care pathways Focussing on early intervention and prevention ASC strategy in place and being implemented New commissioning framework being developed BCF embedded and outcomes are positive
Long term failure to achieve educational attainment	Potential external intervention Reputation damage	Monitoring by officers. Education Performance Board to review schools. Increased scrutiny and intervention in schools causing concern. Regular liaison with Department for Education and Ofsted. Effective Early Help support.
Failure to Safeguard (Adults) and an adult is significantly abused, badly hurt or dies.	Intensive scrutiny by public and press Potential external intervention Potential loss of frontline	Processes and procedures in place to protect the most vulnerable. Scrutiny and overview from the Safeguarding Boards.

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Risk	Impact	Controls
	staff Potentially high legal costs Reputation damage Requirement to undertake and publish a serious case review	Monthly performance and financial monitoring by senior officers and update reports to Cabinet. High quality, timely information contained within case files. High quality, timely management oversight by DASM. Ensuring we have sufficient expert and competent staff. Case auditing to identify any shortfalls in practice and to identify where further action is required. Development of clear practice standards so staff know what is expected of them. Management oversight recorded on file alongside regular supervision. Effective training of staff.
Failure to Safeguard (Children) and a child is significantly abused, badly hurt or dies.	Intensive scrutiny by public and press Potential external intervention Potential loss of frontline staff Potentially high legal costs Reputation damage Requirement to undertake and publish a serious case review	Processes and procedures in place to protect the most vulnerable. Scrutiny and overview from the Safeguarding boards. Monthly performance and financial monitoring by senior officers and update reports to Cabinet. High quality, timely information contained within case files. High quality, timely management oversight. Revised supervision process to ensure early information. Ensuring we have sufficient competent staff to safeguard children and there is no unallocated work.

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Risk	Impact	Controls
		Case auditing to identify any shortfalls in practice and to identify where further action is required to keep children safe. Development of clear practice standards so staff know what is expected of them. Case tracker to ensure visits are being undertaken. Management oversight recorded on file. Effective staff training. Strict application of the panel process.

5. Further Information

Further information about these accounts is available from:

Mr Saverio Della Rocca Assistant Director, Finance (Chief Financial Officer) Rutland County Council Oakham Rutland LE15 6HP sdellarocca@rutland.gov.uk	Mr Andrew Merry Finance Manager - Technical Rutland County Council Oakham Rutland LE15 6HP amerry@rutland.gov.uk

Information on the Councils services and activities can also be located on our website: www.rutland.gov.uk

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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 Assistant Director, Finance;
- 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

To be completed when audited accounts taken to Audit and Risk Committee

Signed on behalf of Rutland County Council:

Councillor G Waller
Chair, Audit and Risk Committee

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 Draft Statement of Accounts on pages 16 to 75 presents a true and fair view of the financial position of the Council at 31st March 2018 and its income and expenditure for the year ended 31 March 2018

Mr S Della Rocca
Assistant Director, Finance (Chief Financial Officer)

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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.

Gross Expenditure	*2016/17 Gross Income*	*Net Expenditure*	Comprehensive Income & Expenditure Statement (CIES)	Notes	Gross Expenditure	2017/18 Gross Income	Net Expenditure
£000	*£000*	*£000*			**£000**	**£000**	**£000**
32,603	*(15,622)*	*16,981*	People		34,306	(16,307)	17,999
18,568	*(3,938)*	*14,630*	Places		17,146	(3,811)	13,335
11,741	*(6,438)*	*5,303*	Resources		11,827	(6,114)	5,713
62,912	***(25,998)***	***36,914***	**Cost of Services**		**63,279**	**(26,232)**	**37,047**
779	*(189)*	*590*	Other Operating Expenditure	9	1,736	(37)	1,699
2,134	*(254)*	*1,880*	Financing & Investment Income & Expenditure	10	2,083	(234)	1,849
-	*(40,638)*	*(40,638)*	Taxation & Non-Specific Grant Income	11	85	(39,976)	(39,891)
65,825	***(67,079)***	***(1,254)***	**(Surplus) / Deficit on Provision of Services**		**67,183**	**(66,479)**	**704**
		(312)	Surplus on Revaluation of property, plant and equipment				(423)
		5,629	Re-measurements of the net defined benefit liability (asset)				(3,216)
		5,317	**Other Comprehensive Income & Expenditure**				**(3,639)**
		4,063	**Total Comprehensive Income & Expenditure**				**(2,935)**

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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 16. 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
Balance 1 April 2016	**10,145**	**8,729**	**1,471**	**3,861**	**24,206**	**17,436**	**41,642**
Surplus / (Deficit) on Provision of Services	1,254	-	-	-	**1,254**	-	**1,254**
Other Comprehensive Income & Expenditure	-	-	-	-	**-**	(5,317)	**(5,317)**
Total Comprehensive Income & Expenditure	**1,254**	**-**	**-**	**-**	**1,254**	**(5,317)**	**(4,063)**
Adjustments between accounting basis and funding basis under regulations (Note 13)	(1,603)	1,416	47	1,491	1,351	(1,351)	**-**
Net Increase/(Decrease) before transfers to or from Earmarked Reserves	(349)	1,416	47	1,491	**2,605**	(6,668)	**(4,063)**
Transfers to / (from) Reserves	(161)	161	-	-	**-**	-	**-**
Increase/(Decrease) in 2016/17	**(510)**	**1,577**	**47**	**1,491**	**2,605**	**(6,668)**	**(4,063)**
Balance 31 March 2017	**9,635**	**10,306**	**1,518**	**5,352**	**26,811**	**10,768**	**37,579**
Balance 1 April 2017	**9,635**	**10,306**	**1,518**	**5,345**	**26,804**	**10,768**	**37,572**
Surplus / (Deficit) on Provision of Services	(704)	-	-	-	**(704)**	-	**(704)**
Other Comprehensive Income & Expenditure	-	-	-	-	**0**	3,639	**3,639**
Total Comprehensive Income & Expenditure	**(704)**	**-**	**-**	**0**	**(704)**	**3,639**	**2,935**
Adjustments between accounting basis and funding basis under regulations (Note 13)	244	762	(171)	941	1,776	(1,776)	**-**
Net Increase/(Decrease) before transfers to or from Earmarked Reserves	(460)	762	(171)	941	**1,072**	1,863	**2,935**
Transfers to / (from) Reserves	(196)	196	-	-	**-**	-	**-**
Increase/(Decrease) in 2017/18	**(656)**	**958**	**(171)**	**941**	**1,072**	**1,863**	**2,935**
Balance 31 March 2018	**8,979**	**11,264**	**1,347**	**6,286**	**27,876**	**12,631**	**40,507**

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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, ie 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 17, line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2017 £000	**Balance Sheet**	**Notes**	**31 March 2018 £000**
70,009	Property, Plant & Equipment	17	70,909
603	Intangible Assets	23	562
0	Long Term Investment	-	0
339	Long Term Debtors	22	209
70,951	**Long Term Assets**		**71,680**
0	Assets Held For Sale	-	0
92	Inventories *(Salt Stocks)*		77
26,101	Short Term Investments	15	22,087
4,039	Short Term Debtors	22	4,384
1,413	Cash & Cash Equivalents	29	8,506
31,645	**Current Assets**		**35,054**
(4,640)	Short Term Creditors	24	(6,282)
(265)	Provisions	25	(518)
(4,905)	**Current Liabilities**		**(6,800)**
(22,345)	Long Term Borrowing	15	(22,319)
(37,767)	Other Long Term Liabilities	31	(37,109)
(60,112)	**Long Term Liabilities**		**(59,428)**
37,579	**Net Assets**		**40,506**
(26,811)	Usable Reserves	13	(27,876)
(10,768)	Unusable Reserves	13	(12,630)
(37,579)	**Total Reserves**		**(40,506)**

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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.

31 March 2017 £000	**Cash Flow Statement**	**Notes**	**31 March 2018 £000**
(1,254)	Net (Surplus)/Deficit on the Provision of Services		704
(3,670)	Adjustments to Net (Surplus)/Deficit on the Provision of Services for Non-Cash Movements	26	(7,514)
3,851	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	4,883
(1,073)	**Net Cash Flow from Operating Activities**		**(1,927)**
5,011	Investing Activities	27	(5,647)
(421)	Financing Activities	28	483
3,517	**Net (increase) or decrease in cash and cash equivalents**		**(7,091)**
(4,930)	Cash and cash equivalents at the beginning of the reporting period	29	(1,413)
(1,413)	**Cash and cash equivalents at the end of the reporting period**	29	**(8,504)**

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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

Net Expenditure Chargeable to the General Fund	*2016/17 Adjustments between Funding Basis and Accounting Basis*	*Net Expenditure in the CIES*	**Expenditure and Funding Analysis**	**Net Expenditure Chargeable to the General Fund**	**2017/18 Adjustments between Funding basis and Accounting Basis**	**Net Expenditure in the CIES**
£000	*£000*	*£000*		**£000**	**£000**	**£000**
16,308	*673*	*16,981*	People	17,042	957	17,999
12,378	*2,252*	*14,630*	Places	12,200	1,135	13,335
5,316	*(13)*	*5,303*	Resources	5,397	316	5,713
34,002	***2,912***	***36,914***	**Cost of Services**	**34,639**	**2,408**	**37,047**
	590	*590*	Other Operating Expenditure	500	1,199	1,699
1,676	*204*	*1,880*	Financing & Investment Income & Expenditure	1,698	151	1,849
(35,168)	*(5,470)*	*(40,638)*	Taxation & Non-Specific Grant Income	(36,181)	(3,710)	(39,891)
510	***(1,764)***	***(1,254)***	**(Surplus) / Deficit on Provision of Services**	**656**	**48**	**704**
(10,145)			Opening General Fund Balance	(9,635)		
510			(Surplus) / Deficit on Provision of Services	656		
(9,635)			**Closing General Fund Balance**	**(8,979)**		

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2016/17					2017/18			
Adjustments for Capital Purposes £000	***Net Change for Pension Adjustments £000***	***Other Differences £000***	***Total Adjustments £000***	**Adjustments from General to arrive at the CIES Amounts**	**Adjustments for Capital Purposes £000**	**Net Change for Pension Adjustments £000**	**Other Differences £000**	**Total Adjustments £000**
98	*98*	*477*	*673*	People	91	824	42	957
2,195	*59*	*(2)*	*2,252*	Places	219	407	509	1,135
(16)	*43*	*(40)*	*(13)*	Resources	105	293	(82)	316
2,277	***200***	***435***	***2,912***	**Cost of Services**	***415***	***1,524***	***469***	***2,408***
(53)	*-*	*643*	*590*	Other Operating Expenditure	941	-	258	1,199
(897)	*1,090*	*11*	*204*	Financing & Investment Income & Expenditure	(898)	1,034	15	151
(6,377)	*-*	*907*	*(5,470)*	Taxation & Non-Specific Grant Income	(5,336)	-	1,626	(3,710)
(5,050)	***1,290***	***1,996***	***(1,764)***	**(Surplus) / Deficit on Provision of Services**	**(4,878)**	**2,558**	**2,368**	**48**

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:

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- 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.

2016/17 £000	**Expenditure / Income Analysed by Type**	**2017/18 £000**
	Expenditure	
15,090	Employee Benefits	14,735
42,925	Other Service Expenditure	46,009
5,086	Capital Charges	2,733
1,045	Interest Payments	2,051
598	Precepts and Levies	677
1,082	Gain on the Disposal of Assets	941
65,826	**Total Expenditure**	**67,146**
	Income	
(6,505)	Fee, Charges and other Service Income	(7,296)
(254)	Interest & Investment Income	(232)
(27,010)	Income from Council Tax and Business Rates	(28,340)
(33,311)	Government Grants & Contributions	(30,574)
(67,080)	**Total Income**	**(66,442)**
(1,254)	**Total**	**704**

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2. Members Allowances

The following amounts were paid to members of the Council.

2016/17 £000	Members Allowances	2017/18 £000
98	Basic allowances	96
75	Special responsibility allowances	72
11	Expenses	5
184	**Members allowances**	**173**

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 2018 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 2017/18 is shown in Note 2. During 2017/18, 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 any 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 Interest, which is open to public inspection at the council offices during office hours and can be viewed on the Councils 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 are no transactions in 2017/18 that are considered material and would require their disclosure.

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4. Officers Remuneration

The following table shows the remuneration paid to the Council's senior employees.

Officers Remuneration	Year	Salary	Agency / Recharge	Expense Allowance	Pension Contribution	Total
Chief Executive	2017/18	124,198	-	413	26,951	151,562
	2016/17	*121,200*	-	*47*	*25,088*	*146,335*
Director of Peoples	2017/18	102,010	-	654	22,136	124,800
	2016/17	*101,000*	-	*513*	*20,907*	*122,420*
Director of Places (Development & Economy) (2)	2017/18	48,822	-	-	8,135	56,957
	2016/17	*72,468*	-	-	*15,001*	*87,469*
Director of Places (Environment, Planning & Transport)	2017/18	74,977	-	-	16,270	91,247
	2016/17	*72,468*	-	-	*15,001*	*87,469*
Director of Resources (3)	2017/18	88,643	-	721	19,236	108,600
	2016/17	*82,568*	-	-	*17,092*	*99,660*
Assistant Director (Finance)	2017/18	74,977	-	75	16,270	91,322
	2016/17	*72,468*	-	*318*	*15,001*	*87,787*
Director of Public Health (1)	2017/18	-	34,747	-	-	34,747
	2016/17	-	*33,914*	-	-	*33,914*
Total	**2017/18**	**513,627**	**34,747**	**1,863**	**108,998**	**659,235**
	2016/17	*522,172*	*33,914*	*878*	*108,090*	*665,054*

1. The Director of Public Health is shared with Leicestershire County Council. Rutland County Council is recharged a proportion of the salary costs.
2. The Director of Places (Development & Economy) left in July 2017 following a service review.
3. The Director of Resources was shared with South Kesteven District Council from November 2017.

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.

2016/17 Number of Employees	Remuneration Bands	2017/18 Number of Employees
-	£50,000 - £54,999	6
1	£55,000 - £59,999	3
1	£60,000 - £64,999	2
1	£65,000 - £69,999	2
1	£70,000 - £74,999	3

5. Termination Benefits

The authority terminated the contracts of 3 employees in 2017/18 incurring liabilities of £67,217 (2016/17 3 totalling £2,864). The total cost above has been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

In addition to these there were 2 settlement agreements during 2017/18, amounting to £22,400 (1 totalling £5,122 in 2016/17)

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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, KPMG LLP.

2016/17 £000	External Audit Costs	2017/18 £000
65	Fees payable with regard to external audit services carried out by the appointed auditor for the year	65
5	Fees payable for the certification of grant claims and returns for the year	5
3	Fees payable in respect of other services provided by the appointed auditor during the year	4
73	**Total**	**74**

7. Dedicated Schools Grant (DSG)

Details of the deployment of DSG receivable for 2017/18 and for the previous financial year, 2016/17 follows:

Schools Budget Funded by Dedicated Schools Grant	Central Expenditure £000	Individual School Budget (ISB) £000	Total £000
Final DSG for 2017/18 before Academy Recoupment			(28,058)
Academy Figure Recouped for 2017/18			19,190
Total DSG after Academy recoupment for 2017/18			(8,868)
Brought Forward from 2017/18			187
Agreed initial budgeted distribution in 2017/18	(3,299)	(5,271)	(8,681)
In year Adjustments			111
Final budgeted distribution 2017/18	**(3,299)**	**(5,271)**	**(8,570)**
Less actual central expenditure	2,930	-	2,930
Less actual ISB deployed to schools	-	5,815	5,815
Plus Local Authority contribution for 2017/18	-	-	-
Carry forward to 2018/19	**(369)**	**544**	**175**

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 2012. 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.

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Schools Budget Funded by Dedicated Schools Grant	Central Expenditure	Individual School Budget (ISB)	Total
	£000	£000	£000
Final DSG for 2016/17 before Academy Recoupment			*(27,811)*
Academy Figure Recouped for 2016/17			*19,278*
Total DSG after Academy recoupment for 2016/17			*(8,533)*
Brought Forward from 2016/17			*(325)*
Agreed initial budgeted distribution in 2016/17	*(3,479)*	*(5,325)*	*(8,858)*
In year Adjustments			*54*
Final budgeted distribution 2016/17	*(3,479)*	*(5,325)*	*(8,804)*
Less actual central expenditure	*2,842*	*-*	*2,842*
Less actual ISB deployed to schools	*-*	*6,150*	*6,150*
Carry forward to 2017/18	***(637)***	***825***	***188***

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 2017/18 was £4.725 million (£5.49 million 2016/17) of which Rutland County Council contributed £0.08 million (£0.08 million 2016/17). Total expenditure from the pool was £4.725 million (£5.65 million 2016/17)

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Better Care Fund (BCF) – Pooled Budget

From the 1 April 2016 the Council entered into a 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 £296k (£136k 2016/17) in a BCF earmarked reserve which will be spend on BCF projects in future years

2016/17 £000	**Better Care Fund**	**2017/18 £000**
	Funding Provided to the Pool	
2,061	East Leicestershire and Rutland Clinical Commissioning Group (ELRCCG)	2,375
186	Rutland County Council	543
200	Use of Reserves	0
2,447	**Total Funding**	**2,918**
	Expenditure For BCF Purposes	
420	Unified Prevention Offer	242
734	Long Term Conditions	0
-	Holistic Management of Health and Wellbeing in the Community	1,119
-	Hospital Flows	994
935	Crisis Response, Transfer Care and Reablement	-
79	Enablers	134
2,168	**Total Expenditure for BCF Purposes**	**2,489**
	Expenditure Repayment of Funds (In-line with Section 75 Agreement)	
277	ELRCCG	268
277	**Total Expenditure Repayment of Funds (In-line with Section 75 Agreement)**	**268**
2	**Surplus/ (Deficit) on Fund**	**161**
	Share of Surplus / (Deficit)	
	ELRCCG	83
2	RCC	78
2	**Surplus/ (Deficit) on Fund**	**161**

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9. Comprehensive Income and Expenditure Statement - Other Operating Expenditure

2016/17 £000	Other Operating Expenditure	2017/18 £000
598	Parish Council Precepts	677
45	External Levies	81
(53)	Net (Gains)/Losses on Disposal of Non-Current Assets	941
590	**Total**	1,699

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

2016/17 £000	Financing & Investment Income & Expenditure	2017/18 £000
1,045	Interest payable & similar charges	1,049
1,082	Net interest on the net defined benefit liability (asset)	1,002
8	Past Service Cost (Including Curtailments)	33
(255)	Interest receivable and similar income	(235)
1,880	**Total**	**1,849**

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

2016/17 £000	Taxation & Non-Specific Grant Income	2017/18 £000
22,705	Council Tax income	23,837
4,305	Retained business rates income	4,503
27,010	**Total Taxation Income**	**28,340**
	Non-specific grants	
2,354	Revenue Support Grant	889
387	Small Business Rate Relief (Section 31)	299
156	Education Services Grant	25
1,240	New Homes Bonus	1,224
1,784	Better Care Fund	2,101
843	Rural Delivery Grant	681
25	Special Educational Needs	28
340	Transition Grant	280
308	Other	688
7,437	**Total Non-Specific Grants**	**6,215**
1,060	Section 106 Contributions	950
550	Hawkesmead Infrastructure Agreement	551
4,581	Capital Receipts, Grants & Contributions	3,835
6,191	**Total Other Income**	**5,336**
40,638	**Total**	**39,891**

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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 2017/18:

2016/17	**Credited to Services**	**2017/18**
£000		**£000**
71	School Sport Partnership	115
5,489	Housing Benefit Subsidy	5,078
86	Benefits Administration Subsidy	70
608	Adult Learning (Various)	467
8,479	Dedicated Schools Grant *(note 7)*	8,757
57	Unaccompanied Asylum Seeking Children	97
1,359	Public Health	1,326
-	Controlling Migration Fund	104
57	Revenues	59
-	SEND Grant	70
-	One Public Estate Funding	275
-	Children Looked After	70
182	Elections	58
273	Pupil Premium	257
110	Troubled Families Programme	63
127	Universal Infant Free School Meals	115
242	Other Grants	243
17,140	**Total**	**17,224**

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. The balances at the year-end are as follows:

2016/17	**Revenue Grants & Contributions - Receipts in Advance**	**2017/18**
£000		**£000**
13	School Sport Partnership	-
37	Public Health	-
-	SEN Reform	70
-	Dedicated Schools Grant	150
-	Homelessness	54
-	Adult Learning	33
-	Troubled Families	45
48	Other Grants	61
98	**Total**	**413**

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The authority credited the following capital grants, contributions and donations within the Comprehensive Income and Expenditure Statement in 2017/18:

2016/17	**Capital Grants & Contributions**	**2017/18**
£000		**£000**
196	Capital Maintenance	196
1,334	Basic Need Grant	846
2,027	Highways Capital Maintenance	2,563
458	Highways Integrated Transport	458
32	Devolved Formula Capital	32
186	Better Care Fund (BCF)	227
856	Heritage Lottery Funding	130
183	Other Grants & Contributions	41
5,272	**Total**	**4,493**

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 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.

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Summary of Usable and Unusable Reserves

31 March 2017 £000	Summary of Usable & Unusable Reserves	1 April 2017 £000	Movement £000	31 March 2018 £000
	Usable Reserves			
9,635	General Fund Balance	9,635	(656)	8,979
818	School Balances	818	(67)	751
9,488	Specific Reserves (Note 14)	9,488	1,025	10,513
1,518	Capital Receipts Reserve	1,518	(171)	1,347
5,352	Capital Grants	5,345	941	6,286
26,811	**Total Usable Reserves**	**26,804**	**1,072**	**27,876**
14,911	Revaluation Reserve	14,911	(387)	14,524
33,393	Capital Adjustment Account	33,393	2,300	35,693
254	Deferred Capital Receipts	254	(133)	121
92	Financial Instruments Adjustment Account	92	(16)	76
(37,767)	Pension Fund Reserve	(37,767)	658	(37,109)
164	Collection Fund Adjustment Account	164	(576)	(412)
(279)	Accumulating Compensated Absences Adjustment Account	(279)	17	(262)
10,768	**Total Unusable Reserves**	**10,768**	**1,863**	**12,631**
37,579	**Total Reserves**	**37,572**	**2,935**	**40,507**

Adjustments between Accounting Basis & Funding Basis Under Regulations 2017/18	**Usable Reserves**				
	General Fund Balance	**Capital Receipts Reserve**	**S106/ Oakham North Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
	£000	**£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	2,145	-	-	-	(2,145)
Revaluation losses on Property Plant and Equipment	120	-	-	-	(120)
Capital grants & contributions applied	(3,493)	-	(394)	(77)	3,964
Capital Receipts Applied	(37)	-	-	-	37
Revenue expenditure funded from capital under statute	468	-	-	-	(468)
Amounts of non-current asset written off on disposal of sale	979	-	-	-	(979)
Statutory provision for the financing of capital investment	(897)	-	-	-	897
Capital expenditure charged against the general fund	-	-	-	-	-
Adjustment primarily involving the Capital Grants Unapplied Accounts					
Capital grants & contributions unapplied	(1,015)	-	(3)	1,018	-
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal	-	-	-	-	-

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Adjustments between Accounting Basis & Funding Basis Under Regulations 2017/18	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	133	-	-	(133)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(304)	-	-	304
Adjustment primarily involving the Section 106 Reserve					
Section 106 contributions unapplied transferred to reserves	(889)	-	889	-	-
Use of the Section 106 reserves to finance revenue expenditure	29	-	(29)	-	-
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	(299)	-	299	-	-
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					
Reversal of items relating to retirement benefits debited or credited to the CIES	(2,505)	-	-	-	2,505
Employer's pension contributions and direct payments to pensioners payable in the year	5,063	-	-	-	(5,063)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax income is different from income calculated in accordance with statutory requirements	576	-	-	-	(576)
Adjustments primarily involving the Accumulated Absences Account					
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	(17)	-	-	-	17
Total Adjustments	**244**	**(171)**	**762**	**941**	**(1,776)**

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Adjustments between Accounting Basis & Funding Basis Under Regulations 2016/17	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£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	1,889	-	-	-	(1,889)
Revaluation losses on Property Plant and Equipment	1,522	-	-	-	(1,522)
Capital grants & contributions applied	(3,560)	-	(166)	(226)	3,952
Revenue expenditure funded from capital under statute	1,558	-	-	-	(1,558)
Amounts of non-current asset written off on disposal of sale	118	-	-	-	(118)
Statutory provision for the financing of capital investment	(198)	-	-	-	198
Voluntary provision for the financing of capital investment	(897)	-	-	-	897
Capital expenditure charged against the general fund	-	-	-	-	-
Adjustment primarily involving the Capital Grants Unapplied Accounts					
Capital grants & contributions unapplied	(1,716)	-	-	1,716	-
Adjustments primarily involving the Capital Receipts Reserve					
Transfer of cash sale proceeds credited as part of the gain or loss on disposal	-	-	-	-	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	123	-	-	(123)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(76)	-	-	76
Adjustment primarily involving the Section 106 Reserve					
Capital grants & contributions unapplied	(1,060)	-	1,060	-	-
S106 applied to fund Revenue Expenditure	28	-	(28)	-	-
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	(53)	-	-	-	53
Adjustments primarily involving the Oakham North Reserve					
Oakham North contributions unapplied	(550)	-	550	-	-
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	12	-	-	-	(12)
Adjustment primarily involving the Pension Reserve					
Reversal of items relating to retirement	(2,157)	-	-	-	2,157

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Adjustments between Accounting Basis & Funding Basis Under Regulations 2016/17	Usable Reserves				Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	S106/ Oakham North Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000
benefits debited or credited to the CIES					
Employer's pension contributions and direct payments to pensioners payable in the year	3,447	-	-	-	(3,447)
Adjustments primarily involving the Collection Fund Adjustment Account					
Amount by which council tax income is different from income calculated in accordance with statutory requirements	150	-	-	-	(150)
Adjustments primarily involving the Accumulated Absences Account					
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	72	-	-	-	(72)
Total Adjustments	**4,558**	**1,471**	**1,579**	**113**	**(7,721)**

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.

2016/17 £000	Revaluation Reserve	2017/18 £000
14,875	Balance 1st April	14,911
1,031	Upward revaluation of assets	5,250
(719)	Downward revaluation of assets & impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,827)
(158)	Difference between fair value depreciation and historical depreciation	(165)
(118)	Accumulated Gain/(Loss) on assets sold or scrapped	(645)
14,911	**Balance at 31st March**	**14,524**

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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.

2016/17 £000	**Deferred Capital Receipts Reserve**	**2017/18 £000**
324	Balance 1 April	254
(123)	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	(133)
53	Transfer to the Capital Receipt Receipts Reserve upon receipt of cash	0
254	**Balance at 31st March**	**121**

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.

2016/17 £000	**Financial Instruments Adjustment Account**	**2017/18 £000**
82	Balance 1 April	92
10	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(16)
92	**Total**	**76**

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.

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2016/17 £000	Capital Adjustment Account	2017/18 £000
32,897	Balance at 1 April	33,393
(1,889)	Charges for depreciation and impairment of non-current assets	(2,145)
(1,522)	Revaluation losses on Property, Plant & Equipment	(120)
(1,558)	Revenue expenditure funded from capital under statute	(468)
784	Grant Funding of Revenue expenditure funded from capital under statute	468
(118)	Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	(333)
276	Adjusting amounts written out of the Revaluation Reserve	165
274	Use of the Capital Receipts Reserve to finance new capital expenditure and repay debt	341
2,843	Capital grants and contributions credited to the CIES that have been applied to capital financing	3,071
226	Application of grants to capital financing from the Capital Grants Unapplied Account	77
186	Capital expenditure charged against the general Fund balance	0
897	Statutory provision for the financing of capital investment charged against the General Fund balance	897
-	Voluntary provision for the financing of capital investment charged against the General Fund balance	-
97	Use of the s106 Reserve to finance new capital expenditure	347
33,393	**Balance at 31 March**	**35,693**

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. The statutory arrangements will ensure that funding will have been set aside by the time benefits come to be paid.

2016/17 £000	Pensions Reserve	2017/18 £000
(30,848)	Balance 1 April 2017	(37,767)
(5,629)	Re-measurements of the net defined benefit liability (asset)	(5,063)
(3,447)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	3,216
2,157	Employers pensions contributions and direct payments to pensioners payable in the year	2,505
(37,767)	**Total**	**(37,109)**

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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 tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2016/17	**Collection Fund Adjustment Account**	**2017/18**
£000		**£000**
313	Balance 1 April 2017	164
(149)	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	(576)
164	**Total**	**(412)**

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.

2016/17	**Accumulated Absences Account**	**2017/18**
£000		**£000**
(208)	Balance 1 April 2017	(279)
208	Settlement or cancellation of accrual made at the end of the preceding year	279
(279)	Amount by which officer remunerations charged to the CIES on an accruals basis is different from the remuneration chargeable in year	(262)
(279)	**Total**	**(262)**

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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 2017/18 .

General Fund Earmarked Reserves	31 March 2017 £000	Transfers out £000	Transfers In £000	31 March 2018 £000
Invest to Save	490	(314)	-	176
Planning Delivery Grant	35	(114)	198	119
Internal Audit	20	-	-	20
Training	70	-	-	70
Travel for Rutland	26	(26)	-	-
Highways	453	(68)	38	423
Public Health	414	(67)	60	407
Risk Management	5	(5)	-	-
Tourism	34	(14)	18	38
Digital Rutland	49	(47)	22	24
National Non Domestic Rates	-	-	342	342
SEND Grant	125	(50)	22	97
Social Care Reserve	1,000	(75)	315	1,240
Insurance	170	(20)	-	150
Welfare Reserve	118	-	27	145
Better Care Fund	136	-	161	297
Pressure Reserve	500	(25)	-	475
Commuted Sums	250	(36)	204	418
Section 106	2,725	(1,430)	1,750	3,045
Oakham North Agreement	1,990	-	299	2,289
Budget Carry Forward	878	(890)	750	738
Total	**9,488**	**(3,181)**	**4,206**	**10,513**

15. Financial Instruments

Categories of Financial Instruments

The borrowings and investments disclosed in the Balance Sheet as at 31 March 2018 are made up of the following categories of financial instruments:

2016/17		Categories of Financial Instruments	2017/18	
Long Term £000	*Current £000*		Long Term £000	Current £000
(22,345)	*(5,432)*	Financial liabilities (principal)	(22,319)	(6,250)
(186)	*-*	Accrued interest	(186)	-
(22,531)	***(5,432)***	**Total Borrowing** (financial liabilities at amortized cost)	**(22,505)**	**(6,250)**
		Loans & Receivables		
-	*26,101*	Short Term Investments	-	22,087
665	*3,149*	Debtors	209	10,278
665	***29,250***	**Total Investments** (loans & Investments at amortized cost)	**209**	**32,365**

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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	2017/18	
	Financial Liabilities Measured at Amortised Cost £000	Financial Assets – Loans & Receivables £000
Interest Expense	1,049	-
Impairment Gains / (Losses)	-	-
Total Interest Payable & Similar Charges	**1,049**	**-**
Interest & Investment Income	-	(232)
Net Gain / (Loss)	**1,049**	**(232)**

The fair values of financial instruments are calculated as follows:

2016/17		Fair Value of Financial Instruments	2017/18	
Carrying Amount	*Fair Value*		Carrying Amount	Fair Value
£000	*£000*		£000	£000
21,386	*33,353*	PWLB Debt	21,386	33,194
1,050	*835*	Non PWLB Debt	1,008	985
22,436	*34,188*	Total Debt	**22,394**	**34,179**
2,681	*2,681*	Trade Creditors	3,204	3,204
25,117	***36,869***	**Total Financial Liabilities**	**25,598**	**37,383**
		Money Market Loans > 1 Year		
26,000	*26,124*	- Fixed Term Deposits	22,000	22,095
691	*691*	- Money Market Funds	8,001	8,002
18	*18*	- Notice Accounts	-	-
26,709	***26,833***		**30,001**	**30,097**
1,108	*912*	Trade Debtors	410	248
27,817	***27,745***	**Total Loans & Receivables**	**30,411**	**30,345**

Methodology for Calculating Fair Values

The calculation of the Fair Values has been completed by Link Asset Services. The valuation basis adopted is level 2 “Inputs other than quoted prices that are observable for the financial asset / liability”.

The individual valuations were completed using the following methods:

- PWLB Debt – redemption and new borrowing (certainty rate) discount rates.
- Non PWLB Debt – PWLB redemption and new market loan discount rates.
- Money Market Loans – comparison of the fixed investment with a comparable investment with the same / similar lender for the remaining period of the deposit.
- Trade Creditors / Debtors – the invoiced or billed amount.

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;

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- 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.

The authority does not generally allow credit for its trade debtors, such that £1.45m of the £1.98m balance is past its due date for payment. The past due amount can be analysed by age as follows :

Period	**£000**
Less than three months	934
More than three months	519
Total	**1,453**

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

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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:

Period	**£000**
Less than one year	-
Between one and two years	-
Between two and seven years	1,008
Between seven and 15 years	-
More than 15 years	21,386
Total	**22,394**

The maturity analysis of long term financial assets is as follows:

Period	**£000**
Between one and two years	1
Between two and three years	20
More than three years	188
Total	**209**

All trade and other payables are due to be paid in less than one year and trade debtors totalling £1.98 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 variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fair value of the borrowing liability will fall;

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- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- investments at fixed rates – the fair value of the assets will fall.

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 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 will 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.

If all interest rates had been 0.25% higher (with all other variables held constant) the financial effect in 2017/18 would be:

Effect	**£000**
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(81)
Total	**(81)**

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.

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17. Property, Plant & Equipment

Property, Plant & Equipment (PPE) – 2017/18	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastr-ucture £000	Assets Under Construction £000	Surplus Assets £000	Total £000
Cost or Valuation						
At 1 April 2017	**40,811**	**1,994**	**44,515**	**167**	**188**	**87,675**
Reclassification from Assets Under Construction	-	-	-	-	-	-
Additions	1,213	9	2,055	324	-	3,601
Revaluation increase / (decrease) recognised in the Revaluation Reserve	(2,930)	-	-	-	-	(2,930)
Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services	(120)	-	-	-	-	(120)
Reclassification from Assets Held for Sale	-	-	-	-	-	-
De-recognition - Disposals	(996)	-	-	-	-	(996)
Transfer to other IFRS categories	194	-	-	(72)	(123)	(1)
At 31 March 2018	**38,172**	**2,003**	**46,570**	**419**	**65**	**87,229**
Accumulated Depreciation & Impairment						
At 1 April 2017	**(6,446)**	**(1,680)**	**(9,537)**	**-**	**(3)**	**(17,666)**
Depreciation charge in year	(494)	(65)	(1,528)	-	(1)	(2,088)
Depreciation written out to the revaluation reserve	1,680	-	-	-	-	1,680
Depreciation Written out to the CIES	-	-	-	-	-	-
Impairment recognized in Revaluation Reserve	1,673	-	-	-	-	1,673
Impairment recognised in CIES	64	-	-	-	-	64
De-recognition – Disposal	17	-	-	-	-	17
Reclassification from Assets held for Sale	-	-	-	-	-	-
Reclassification to Surplus Assets	(2)	-	-	-	2	0
At 31 March 2018	**(3,508)**	**(1,745)**	**(11,065)**	**-**	**(2)**	**(16,320)**
Net Book Value At 31 March 2018	**34,664**	**258**	**35,505**	**419**	**63**	**70,909**
At 1 April 2017	**34,365**	**314**	**34,979**	**167**	**184**	**70,009**

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Property, Plant & Equipment (PPE) – 2016/17	Other Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastr-ucture £000	Assets Under Construction £000	Surplus Assets £000	Total £000
Cost or Valuation						
At 1 April 2016	**40,603**	**1,981**	**42,361**	**1,022**	**1,193**	**87,160**
Additions	*206*	*13*	*2,154*	*1,363*	*-*	*3,736*
Revaluation increase / (decrease) recognised in the Revaluation Reserve	*3*	*-*	*-*	*-*	*(940)*	*(937)*
Revaluation increase / (decrease) recognised in the Surplus/Deficit on the Provision of Services	*(1,545)*	*-*	*-*	*-*	*(5)*	*(1,550)*
De-recognition - Disposals	*(116)*	*-*	*-*	*-*	*(60)*	*(176)*
Transfer to other IFRS categories	*1,660*	*-*	*-*	*(2,218)*	*-*	*(558)*
At 31 March 2017	**40,811**	**1,994**	**44,515**	**167**	**188**	**87,675**
Accumulated Depreciation & Impairment						
At 1 April 2016	**(6,687)**	**(1,613)**	**(8,121)**	**-**	**(692)**	**(17,113)**
Depreciation charge in year	*(487)*	*(67)*	*(1,415)*	*-*	*(3)*	*(1,972)*
Depreciation written out to the revaluation reserve	*323*	*-*	*-*	*-*	*25*	*348*
Depreciation written out to the Surplus/Deficit on the Provision of Services	*28*	*-*	*-*	*-*	*-*	*28*
Impairment recognized in Revaluation Reserve	*240*	*-*	*-*	*-*	*662*	*902*
Impairment recognised in CIES	*79*	*-*	*-*	*-*	*4*	*83*
De-recognition – Disposal	*58*	*-*	*-*	*-*	*-*	*58*
At 31 March 2017	**(6,446)**	**(1,680)**	**(9,536)**	**-**	**(4)**	**(17,666)**
Net Book Value At 31 March 2017	**34,365**	**314**	**34,979**	**167**	**184**	**70,009**

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 2017/18 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 based on current prices where there is an active second-hand market or latest prices adjusted for the condition of the asset.

Valued at fair value as at	Vehicles, Plant & Equipment £000	Other Land & Buildings £000	Total £000
Historical Cost	258	-	258
At 1 April 2013	-	1,951	1,951
At 1 April 2014	-	9,076	9,076
At 1 April 2015	-	5,673	5,673
At 1 April 2016	-	4,600	4,600
At 1 April 2017	-	13,364	13,364
Total cost or valuation	**258**	**34,664**	**34,922**

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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 £1,060,000 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.

2016/17	**Capital Financing Requirement**	**2017/18**
£000		**£000**
22,724	Opening Capital Financing Requirement	22,756
	Capital Investment	
3,736	Property Plant & Equipment	3,600
45	Intangible	80
1,558	Revenue expenditure funded from capital under statute (REFCUS)	468
-	Long Term Debtor	50
	Sources of Finance	
(274)	Capital Receipts	(341)
(3,950)	Government Grants and contributions	(3,858)
(1,083)	Sums set aside from revenue (including direct revenue financing, MRP, VRP and loans fund principals)	(897)
22,756	**Closing Capital Financing Requirement**	**21,858**
	Explanation of movement in year	
32	Increase/(reduction) in the underlying need to borrow	(897)

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;

2016/17	**Council as Lessee - Operating Leases**	**2017/18**
£000		**£000**
58	Not later than one year	70
121	Later than one year and not later than five years	83
207	Later than five years	187
386	**Total**	***340***

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

2016/17 £000	Council as Lessee – Minimum Lease Payments	2017/18 £000
70	Minimum Lease Payment	70

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:

2016/17 £000	Council as Lessor - Operating Leases	2017/18 £000
534	Not later than one year	592

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

2016/17 £000	Short-term debtors	2017/18 £000
546	Central Government Bodies	584
371	Other Local Authorities	188
565	NHS Bodies	675
98	Schools	123
2,459	Other Entities & Individuals	2,814
4,039	**Total**	**4,384**

2016/17 £000	Long-term debtors	2017/18 £000
118	Housing Association	117
78	Sale of Buses	0
143	Other	92
339	**Total**	**209**

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23. Intangible Assets

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

2016/17 £000	Intangible Assets	2017/18 £000
-	**Balance 1 April**	
-	Gross Carrying Amounts	603
-	Accumulated Amortisation	0
-	**Net Carrying Amount at Start of the Year**	
45	Additions	80
558	Assets Under Construction Completed in Year	0
-	Amortisation for the period	(121)
603	**Net Carrying Amount at End of the Year**	**562**
603	Gross Carrying Amounts	683
-	Accumulated Amortisation	(121)
603	**Net Carrying Amount at End of the Year**	**562**

24. Creditors

2016/17 £000	Creditors	2017/18 £000
899	Central Government Bodies	919
456	Other Local Authorities	474
169	Schools	175
3,116	Other Entities & Individuals	4,714
4,640	**Total**	**6,282**

25. Provisions

Provision	Balance 1 April £000	Addition to Provision £000	Amount Charged in Year £000	Balance 31 March £000
Appeals (NDR)	265	375	(122)	518

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.

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26. Cash Flow Statement – Operating Activities

The cash flow for operating activities includes the following items:

2016/17 £000		2017/18 £000
(254)	Interest Received	(234)
1,045	Interest Payables	1,049
Adjust net surplus or deficit on the provision of services for non-cash movements		
(1,889)	Depreciation and Impairment of Non-Current Assets	(2,145)
(1,522)	Revaluation Losses on Property, Plant and Equipment	(120)
(1,290)	Movement in Pension Liability	(2,558)
(118)	Gains or Losses on Disposal of Non-Current Assets	(978)
(17)	Increase / (Decrease) in Provisions	(254)
1,866	Increase / (Decrease) in Creditors	(1,642)
(571)	Increase / (Decrease) in Debtors	344
(84)	Increase / (Decrease) in Long Term Debtors	(123)
0	Increase / (Decrease) in Inventories	(15)
(45)	Other	(23)
(3,670)	**Total Non-Cash Movements**	**(7,514)**
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
5,276	Capital Grants credited to the CIES	5,695
114	Proceed from Disposal of Property, Plant and Equipment	37
(1,557)	Revenue Expenditure Funded from Capital in Statute	(469)
18	Proceeds from the Sale of Short Term Investments	0
0	Other	(380)
3,851	**Total Investing or Financing Activities**	**4,883**

27. Cash Flow Statement – Investing Activities

2016/17 £000	**Investing Activities**	**2017/18 £000**
5,339	Purchase of property, plant and equipment, investment property and intangible assets	4,198
26,018	Purchase of short-term and long-term investments	22,000
(71)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(133)
(21,000)	Proceeds from short-term and long-term investments	(26,018)
(5,275)	Capital Grants Received	(5,694)
5,011	**Total**	**(5,647)**

28. Cash Flow Statement – Financing Activities

2016/17 £000	**Financing Activities**	**2017/18 £000**
(420)	Receipt / Repayment of short and long-term borrowing	42
(1)	Other payments for financing activities	441
(421)	**Total**	**483**

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29. Cash Flow Statement – Cash & Cash Equivalents

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

2016/17	**Cash & Cash Equivalents**	**2017/18**
£000		**£000**
3	Cash held by the authority	3
1,584	Bank current accounts in credit	1,493
691	Short term deposits	8,001
(865)	Bank current accounts overdrawn	(991)
1,413	**Total**	**8,506**

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 2017/18 the authority paid £0.19 million to Teacher's Pensions in respect of teachers' retirement benefits, representing 19.61% of pensionable pay (£0.30 million and 16.48% in 2016/17).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:

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2016/17 £000	Comprehensive Income & Expenditure Statement	2017/18 £000
	Cost of Service	
2,357	Current Service Cost	4,028
8	Past Service Cost	33
-	Effects of Settlements	-
	Financing & Investment Income & Expenditure	
1,082	Net interest expense	1,002
3,447	**Total post-employment benefits charged to the surplus or deficit on the provision of services**	**5,063**
	Other post-employment benefits charged to the CIES	
(8,845)	Return on plan assets (excluding the amount included in the net interest expense)	(1,265)
(1,109)	Actuarial gains and losses arising on changes in demographic assumptions	-
18,983	Actuarial gains and losses arising on changes in financial assumptions	(1,938)
(3,400)	Other	(13)
5,629	Total Re-measurements Recognised in CIES	**(3,216)**
9,076	**Total post employment benefit charged to the CIES**	**1,847**
	Movement in Reserves Statement	
(3,447)	Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	(5,063)
1,290	Actual Amount charged against the General Fund Balance for Pensions in the year	2,558
(2,157)	**Total Movement in Reserves Statement**	**(2,505)**

2016/17 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	2017/18 £000
(66,716)	Fair Value of Employer Assets	(70,250)
104,483	Present Value of Defined Benefit Obligation	107,359
37,767	**Net liability arising from defined benefit obligation**	**37,109**

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.

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2016/17 £000	Reconciliation of the Fair Value of the Scheme Assets	2017/18 £000
55,801	Opening fair value of Scheme Assets	66,716
1,954	Interest Income	1,740
	Re-measurement gain/(loss)	
8,845	Return on plan assets, excluding the amount included in the net interest expense	1,265
-	Effect of Settlements	-
2,157	Contributions from Employer	2,505
622	Contributions from Employees	686
(2,663)	Benefits Paid	(2,662)
66,716	**Closing Fair Value of Scheme Assets**	**70,250**

2016/17 £000	Reconciliation of Present Value of Scheme Liabilities (defined benefit obligation)	2017/18 £000
86,649	Opening Liability at 1 April	104,483
2,357	Current Service Cost	4,028
3,036	Interest Cost	2,742
622	Contributions from Scheme Participants	686
	Re-measurement (gains) and losses	
(1,109)	Actuarial gains/losses arising from changes in demographic assumptions	-
18,983	Actuarial gains/losses arising from changes in financial assumptions	(1,938)
(3,400)	Other	(13)
8	Past Service Costs	33
(2,663)	Benefits Paid	(2,662)
104,483	**Closing Liability at 31 March**	**107,359**

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £37.109 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 2019 is £2.333m.

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. All of the assets have quoted prices in active markets apart from the asset category Private Equity.

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2016/17 £000	Local Government Pension Scheme Assets	2017/18 £000
1,724	**Equity Securities**	1,705
	Debt Securities	
5,746	UK	5,863
731	Other	641
6,477	**Total debt securities**	**6,504**
2,519	**Private Equity**	2,498
5,361	**Real Estate**	6,171
	Investment Funds & Unit Trusts	
31,954	Equities	33,094
5,982	Bonds	8,064
2,240	Hedge Funds	2,449
1,572	Commodities	1,646
2,986	Infrastructure	3,323
1,671	Other	2,079
46,405	**Total investment funds & unit trusts**	**50,655**
(31)	**Derivatives**	(205)
4,261	**Cash & Cash Equivalents**	2,922
66,716	**Closing Fair Value of Scheme Assets**	**70,250**

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, the independent actuaries to the Leicestershire County Council Pension Fund based on the latest full valuation of the scheme as at the 31 March 2018. The significant assumptions used by the actuary have been:

2016/17		2017/18
	Mortality Assumptions	
	Longevity at 65 for Current Pensioners:	
22.1	Men (years)	22.1
24.3	Women (years)	24.3
	Longevity at 65 for Future Pensioners:	
23.8	Men (years)	23.8
26.2	Women (years)	26.2
	Financial Assumptions	
3.40%	Rate of Inflation	3.40%
3.40%	Rate of increase in salaries	3.40%
2.40%	Rate of increase in pensions	2.40%
2.60%	Rate for discounting scheme liabilities	2.70%
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%

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The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses 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 are shown in Note 31 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 16 June 2011. This amendment included changes to IAS19 that took effect from 1 January 2013 for accounting periods ending on or after 31 December 2013. The calculations have been carried out in accordance with the Pensions Technical Actuarial Standard (TAS) adopted by the Financial Reporting Council, which came into effect on 1 January 2013 (version 2), and other Technical Actuarial Standards.

The Council anticipated to pay £2.333m expected contributions to the scheme in 2018/19.

The weighted average duration of the defined benefit obligation for active members is 24.4 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.

The council is subject to a claim relating to planning issue

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.

2016/17 £000		**Trust Funds**	**2017/18 £000**
6	Income		6
(6)	Expenditure		(8)
212	Assets		212
-	Liabilities		-

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35. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Assistant Director of Finance on 31 May 2018. 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 at 31 March 2018 the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

36. 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 2018 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	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.	The effects on the net pension liability of changes in individual assumptions could be measured. However the assumptions interact in complex ways. For 2016/17 the authority's actuaries advised that an increase in life expectancy of 1 year would increase the potential benefit liability by 2%.
Arrears	At 31 March 2018 the authority had a balance of £4.3 million for all of its short term debtors. A review of significant balances suggested that an impairment of doubtful debts of £0.2 million was appropriate. However in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate a doubling of the amount of the impairment of doubtful debts would require an additional £0.2 million to be set aside.
Business Rates	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.	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.

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Collection Fund

2016/17 Total £000	Collection Fund	2017/18 Council Tax £000	2017/18 Business Rates £000	2017/18 Total £000
	Income			
(26,410)	Council Tax Receivable	(27,563)	-	(27,563)
(10,778)	Business Rates Receivable	-	(10,812)	(10,812)
(14)	Transitional Protection Payments Receivable	-	(666)	(666)
	Annex Grant	(4)	-	(4)
(26)	Local Council Tax Support - General Fund Contribution	(11)	-	(11)
(37,228)	**Total Income**	**(27,578)**	**(11,478)**	**(39,056)**
	Expenditure			
	Precepts			
22,523	Rutland County Council	23,919	-	23,919
2,706	Leicestershire Police	2,813	-	2,813
908	Leicester, Leicestershire & Rutland Fire Authority	944	-	944
26,137	***Total Precepts***	**27,676**	**0**	**27,676**
	Business Rates Shares			
5,297	Central Government	-	5,618	5,618
5,185	Rutland County Council	-	5,505	5,505
106	Leicester, Leicestershire & Rutland Fire Authority	-	112	112
10,588	***Total Business Rates Shares***	**-**	**11,235**	**11,235**
	Charges to the Collection Fund			
17	Write Off - Uncollectable Amounts	26	19	45
80	Increase / (Decrease) in Bad Debt Provision	(28)	35	7
81	Increase / (Decrease) in Appeals Provision	-	766	766
57	Cost of Collection	-	59	59
-	Renewable Energy	-	79	79
72	Transitional Protection Payments Payable	-	-	0
307	***Total Charges to the Collection Fund***	**(2)**	**958**	**956**
	Distribution of Previous Year's Estimated Collection Fund Surplus			
82	Central Government	-	33	33
327	Rutland County Council	169	32	201
30	Leicestershire Police	20	-	20
12	Leicester, Leicestershire & Rutland Fire Authority	7	1	8
451	***Total Distribution of Previous Year's Estimated Collection Fund Surplus***	**196**	**66**	**262**
37,483	**Total Expenditure**	**27,870**	**12,259**	**40,129**
255	**(Surplus) / Deficit on Collection Fund**	**292**	**781**	**1,073**
	Collection Fund Balance			
(444)	(Surplus)/Deficit B/Fwd 1 April	(185)	(10)	(195)
249	(Surplus)/Deficit Arising During the Year	292	781	1073
(195)	**(Surplus)/Deficit C/Fwd 31 March**	**107**	**771**	**878**

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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 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 2018 was £32.256 million (31 March 2017 - £27.611 million).

The standard BR multiplier for 2017/18 was 47.9 pence (2016/17 – 49.7 pence). The small business multiplier for 2017/18 was 46.6 pence (2016/17 48.4 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 2017/18 is calculated as follows:

2016/17 Band D Equivalent	**Band**	**Ratio**	**Number of Chargeable Dwellings**	**2017/18 Band D Equivalent**
3.07	A (with Disabled Relief)	5/9	4.32	2.40
682.63	A	6/9	1,016.67	677.91
2,374.40	B	7/9	3,141.23	2,441.61
2,264.19	C	8/9	2,659.22	2,363.65
2,166.39	D	9/9	2,203.26	2,203.08
2,563.74	E	11/9	2,135.88	2,611.95
2,143.22	F	13/9	1,501.19	2,168.68
1,981.68	G	15/9	1,194.80	1,991.33
245.11	H	18/9	126.55	253.10
14,424.43	Total			14,713.71
458.00	Ministry of Defence contribution in lieu of council tax			458.00
(144.24)	Allowance for non-collection			(147.11)
14,738.19	**Council Tax Base**			**15,024.60**

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Statement of Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31st March 2018. 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 primarily comprise the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and the Service Reporting Code of Practice 2017/18 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 the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- 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.

Acquisitions and Discontinued Operations

The Council is required to disclosure the income and expenditure of any newly acquired functions or discontinued operations on the face of the Comprehensive Income and Expenditure Statement.

Acquired operations are those which the Council has acquired during the accounting period. Examples of acquired operations are:

- Service and/or geographical areas for which responsibility has passed to the authority due to the reorganisation of local government, or

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- Service acquired as a consequence of legislation, e.g. a new statutory responsibility transferred from another entity

Discontinued operations are those which the Council are no longer in use during the accounting period. Examples of discounted operations are:

- Service and/or geographical areas for which the authority no longer has responsibility due to the reorganisation of local government, or

- Service discontinued as a consequence of legislation, eg a new statutory responsibility transferred to another entity

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.

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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 (ie 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.

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement 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 is between the income included in the Comprehensive Income and Expenditure Statement 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 authorities share of the year end balances in respect of council and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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 remuneration rates 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 benefits 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 and are charged on an accruals basis to the appropriate service or where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the 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 amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

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- 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

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    - 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 Balance Sheet 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 use. 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 for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective 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.

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For 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 Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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 into two types:

- loans and receivables: assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets: assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

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

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. 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 Comprehensive Income and Expenditure Statement to the net gain 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and

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Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective interest rate for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following techniques:

- instruments with quoted market prices: the market price
- other instruments with fixed and determinable payments: discounted cash flow analysis
- equity shares with no quoted market process: independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

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

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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 ring-fenced 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.

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. And 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.

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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 value of works and services received under the contract 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.

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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 and 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)

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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 authorities 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 (ie 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.

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The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie 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:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer. ranging from 50 years to 10 years for a garage building.
- vehicles, plant and equipment – straight-line allocation of up to 10 years
- infrastructure – straight-line allocation of up to 25 years
- intangible – straight-line allocation of up to 5 years

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:

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- 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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie 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 – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure – straight-line allocation over various asset lives

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

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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). 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 appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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

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Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so 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 (ie 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 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.

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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.

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.

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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 of 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 of 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.

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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, ie 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. Peterborough 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

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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 (eg Fire and Police authorities, Parish council), requires it to be collected on its behalf.

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

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Annex 1 – Annual Governance Statement

1. Scope of Responsibility

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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes the arrangements for the management of risk.

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.

2. The Purpose of the Governance Framework

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.

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.

The governance framework has been in place at Rutland County Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

3. The Governance Framework

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.

Vision, Aims and Objectives

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 a review of the pervious Plan, a multi-agency workshop, public consultation and Scrutiny Panel review and feedback.

The Rutland County Council Corporate Plan 2016 to 2020 was adopted by Council on the 12th September 2016 based on a recommendation from Cabinet. In addition to approving the plan is was agreed that an annual review of the plan would be produced and presented to Cabinet and Council. The Plan can be found here:

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http://www.rutland.gov.uk/my-council/how-the-council-works/key-plans-policies-and-strategies/corporate-plan/

The refresh of the Corporate Plan did not change the key priorities which include:

- Delivering sustainable growth, supported by appropriate housing, employment, learning opportunities and infrastructure (including other Public Services)
- Safeguarding the most vulnerable and supporting the health and well-being needs of our community
- Planning and supporting future population and economic growth to allow businesses, individuals, families and communities to reach their full potential
- Ensuring the Council's medium term financial plan is balanced and based on delivering the best possible value for the Rutland pound

The key revisions reflected:

- the change in political leadership
- the emergence of Rutland One Public Estate (ROPE) Partnership
- the work with Health Partners to investigate the potential for a Health and Social Care Hub
- acknowledging the opportunities presented by the confirmed closure of St George's Barracks in 2020/21
- progress on transforming the Barleythorpe College into the King Centre
- Continuing progress on our Digital Rutland project

The aims and priorities are underpinned by targets which will be reported on quarterly through the corporate performance report. The targets include improving educational attainment, reducing emergency admissions to hospital, creating new affordable homes, increasing the number of visitors to Oakham castle and reducing the funding gap in the Medium Term Financial Plan (MTFP).

These targets form the basis for planning for the Budget, Local Plan, the Council's input to the Sustainability and Transformation Plan as well as service and team plans.

The financial implications of implementing agreed priorities are incorporated into the Budget Process and the MTFP.

Political and Constitutional Arrangements

At the start of the 2017/18 municipal year the political make-up of the Council had changed to the following: 26 Members made of groups as follows (18 - Conservative, 4 - Independent, 2 - Liberal Democrats and 2 - non-aligned).

In May 2017 Councillor Thomas (Ward Councillor for Whissendine) resigned from the Council and in June 2017 Councillor MacDuff (Ward Councillor for Ketton) also resigned. A by-election was subsequently held on 20 July 2017 which resulted in the election of Councillor Brown (Conservative) for the Ketton Ward, and Councillor Arnold (Independent Group) for the Whissendine Ward.

These changes resulted in the political make-up of the Council changing to the following: 26 Members (18 Conservative, 5 – Independent, and 3 – non-aligned).

In October 2017 Councillor Clifton confirmed that he would be stepping down from his position on the Cabinet and in November 2017 the then Leader, Councillor Mathias, appointed Councillor Brown as a new Cabinet Member.

In January 2018 Councillor Mathias (Ward Councillor for Oakham South East and Leader of the Council) resigned from the Council. At a Special Council Meeting on 5 February 2018, the Council elected Councillor Hemsley as Leader of the Council. At the same meeting Councillor Hemsley confirmed the

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appointment of Councillor Begy to the Cabinet as Deputy Leader and also confirmed the Cabinet Portfolios which can be found on the following link:

http://rutlandcounty.moderngov.co.uk/mgCommitteeDetails.aspx?ID=133

A by-election was held on 8 March 2018 which resulted in the election of Mr Adam Lowe (Independent) to the Oakham South East Ward.

This changed the political make-up of the Council to 26 Members made up of Groups as follows: (17 Conservative, 5 – Independent, and 4 – non-aligned).

Elections

In June 2017, a General Election was held. Rutland is part of the Rutland and Melton UK parliament constituency. Sir Alan Duncan was re-elected as the MP for the constituency. The total turnout for the Rutland and Melton Constituency was 73.43% out of a total electorate of 78,463.

There were also elections held for three County Councillors arising from vacancies and a Parish Poll was held in Morcott.

Constitution

The Council's Constitution defines the roles and responsibilities of the Council, Cabinet, Committees and Scrutiny Panels 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. Delegation arrangements were renewed at the Annual Council Meeting in May 2016 and again in May 2017. The exercising of delegated powers is regulated by Financial Procedure Rules, Contract Procedure Rules and other policies and procedures.

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 Director for Resources is designated as the Council's Monitoring Officer under the Local Government and Housing Act 1989 and the Assistant Director (Finance) is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972.

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.

The Constitution is kept under review by a working group of members appointed by the Council. The working group recommends amendments to the Constitution to the Council. Its work included:

- Consideration of proposals and drafting of responses to consultations for Council approval in relation to the Local Government Boundary Commission Electoral Review;
- Starting a review of the Scheme of delegation;
- Review of decision making in relation to Planning and Licensing Committee and clarification of referrals under Procedure Rule 110;
- Implementation and update of the Public Speaking Scheme for Planning and Licencing Committee; and
- Preliminary work on a revised Member Officer Protocol and revised Scrutiny Procedures Rules (on-going).

One of the Council's priorities for 2018/19 is a full review of the Councils Constitution.

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Boundary Commission Review

The Local Government Boundary Commission for England identified Rutland as requiring an electoral review which started in March 2017 and was completed in April 2018.

The Commission's final recommendations propose that Rutland should be represented by 27 county councillors in the future: one more than the current arrangement. The recommendations also propose that those councillors should represent two three-councillor wards, eight two-councillor wards and five one-councillor wards across the county.

Full details of the final recommendations can be found at:

http://www.lgbce.org.uk/all-reviews/east-midlands/rutland/rutland

Decision Making Arrangements

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

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), which comprises the Chief Executive, Directors and Deputy/Assistant Directors. If approved, the matter is reported, with a recommendation to the Cabinet or other appropriate body.

The Director for Resources 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 Head of Legal and Governance) before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

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.

Performance Management

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 DMT's and SMT on a regular basis and is formally reported to Scrutiny Panels and Cabinet on a quarterly basis. Progress against the strategic aims is measured in milestones and this is included in quarterly monitoring reports. The performance management framework flows through the Council, down to an individual employee level. All officers have a Performance Development Review (PDR) with their manager during each year. This process includes 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.

Cabinet takes the lead role in improving the performance management framework and maintaining comprehensive quarterly reporting, which includes financial performance, progress against non-financial targets and milestones and risk management.

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 Resources Scrutiny Panel for Member consideration.

Financial Management

The Assistant Director (Finance) is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972.

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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; and
- Must be professionally qualified and suitably experienced.

The Assistant Director (Finance) 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.

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.

The MTFP was updated throughout 2017/18 and periodically reported to Cabinet. The updated MTFP, following the Local Government 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.

In their Annual Governance report issued in September 2017, the external auditors issued an unqualified audit opinion on the Authority's financial statements.

The Council has a set of Financial Procedure Rules and Contract Procedure Rules within its Constitution which govern the way in which financial matters are conducted. There have been no updates to either set of rules in the year.

Risk Management

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.

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. The register was reviewed in July 2018.

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. The move to standardise risk registers is ongoing.

The development of a new fraud risk register (in 2014) has continued to help the Council set out a list of potential fraud risks and details of how the Council seeks to mitigate them. This is reported periodically to the Audit and Risk Committee.

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Standards of Conduct

During 2017/18 the Monitoring Officer received 28 complaints of alleged Councillor Misconduct within the County, which is a significant reduction on the previous year. A majority of the complaints continue to be related to Oakham Town Council. An independent investigation took place into multiple conduct complaints relating to an Oakham Town Councillor. Recommendations and sanctions were suggested by the Monitoring Officer for implementation by the Town Council. The new Chair is working to ensure that proper governance processes are followed.

Information Governance

The new General Data Protection Regulation (GDPR) will be effective from May 2018. A project group was established with representation from across the Council to review current data protection practices and policies to ensure compliance.

The Council used guidance provided by the Information Commissioner's Office (the ICO) and issues arising from previous internal audit reviews to drive its action plan. Key actions included:

- Establish a data protection asset register
- Review current data sharing agreements
- Completing system readiness checks of all existing applications
- Identifying data champions from teams
- Developing a tool kit for use across the Council

The project will continue into 2018/19 but good progress has been made and the Council anticipates being in a position to comply.

Training was launched in March 2018 to both staff and elected members to ensure the Council is fully compliant by May 2018.

Counter-fraud and Whistleblowing

The Council has arrangements in place for receiving allegations of fraud or misconduct through its whistle-blowing policy. The Policy was reviewed, and subsequently endorsed by Cabinet in February 2016, to incorporate changes in legislation and reporting procedures within the Council. An external reporting mechanism was also included in the new version. Members of staff are made aware of the changes through Policy briefings and internal communication updates. Members of the public are also advised of the changes. No whistle blowing allegations were registered during 2017/18.

The Council continues to make available a fraud reporting mechanism: the Rutland Reporting App was developed for mobile telephone users, who might wish to report concerns via this route. All concerns are directed to the fraud@rutland.gov.uk email account, which is monitored by the Performance and Project Co-ordinator. No reports were made during 2017/18.

The Council's Counter Fraud Strategy is under review and will be finalised by June 2018. The review will consider whether any changes are required in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

Matches generated by the National Fraud Initiative exercise were progressed during 2017/18 with no issues or concerns.

Developing Effectiveness

The Council has a Performance Development Review (PDR) scheme, which provides an annual discussion between line manager and employee to ensure the employee is clear of their expectations

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and objectives and receives feedback on their contribution. Learning and development needs are also identified at these meetings. No changes have been made in year.

The effective performance of our staff is crucial to delivering Council services- our Recruitment policy provides the framework to recruit the right staff at the right time. Over the past two years we have introduced some innovative and creative recruitment strategies through digital campaigns and bespoke microsite – this has enabled us to fill difficult to recruit posts and reduce the use of agency and interim staff. This has also brought stability to teams and we are now seeking individuals move through their career and develop their role with Rutland.

We invest in our staff through a training and development framework that supports professional training, ensures essential and mandatory training is provided, as well as organisational, leadership and management development.

The Council's Workforce Development Strategy is scheduled for review in 2018 and will set out key objectives and targets for the next two years. The content will be aligned with strategic aims and objectives, Council Values and feedback from the second Staff Engagement Survey that was carried out in quarter 3 of 2017-18.

Members are provided with development opportunities through in-house and external training and briefings. There is mandatory training on the Code of Conduct, planning, licensing and appeals. Members are encouraged to express an interest in receiving training on specific topics.

In 2017/18 Members attended training on the following subjects:

- Induction to the Council (for new Councillors elected in 2017/18)
- Planning Training
- Internal Audit and related topics
- Corporate Parenting
- Members have also attended various individual training sessions on a variety of subjects offered through organisations such as East Midlands Councils, Local Government Association and the Centre for Public Scrutiny.

Budget provision is made for training and development of members and officers.

Service Delivery

Partnerships

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.

Service area	**Lead Authority Name**
Internal Audit	Local Government Shared Service
Welland Procurement	Melton Borough Council
Legal Services	Peterborough City Council
Out of Hours Emergencies	Harborough District Council
Fraud Support	Leicester City Council
Public Protection	Peterborough City Council
Emergency Planning	Leicestershire County Council
Local Safeguarding Children Board	Leicestershire County Council
Shared Directors for Resources and Places	South Kesteven District Council

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Service area	Lead Authority Name
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)

The Council continues to review how best to deliver services with examples below of reviews undertaken in the year.

With the departure of key payroll staff, the Council extended its partnership with Herefordshire Council to include delivery of the payroll service. Payroll is now processed by Hoople with the Council retaining sign off responsibilities. The cost of service is lower than it was in house and now benefits from increased resilience.

One area under focus is the delivery of the Planning/Building Control Service. The Council currently has some aspects of the Planning/Planning Policy service provided/supported by officers from a neighbouring authority (South Kesteven District Council). SKDC use IDOX software and the Council is moving over to the same system which generates a financial savings as well as facilitating the potential for further joint working.

The Council has recently completed a review looking into how it delivers administrative support. The Council operated a structure wherein administrative roles were incorporated into various teams within each directorate with a central corporate support team providing executive and democratic support. The review generated options to reduce cost, increase resilience and drive forward equality and performance.

The review has led to the creation of a centralised business support hub, a separate Governance team with a stronger emphasis on support to the scrutiny process and clerk support to committees, and a team of three Executive Officer roles to support the Senior Management Team. Over time and once fully embedded, officers will be assessing whether efficiencies can be made in the context of growing demand for support.

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.

The Council is working towards a central list of partnerships arrangements. This will contain a register for all key documents for each individual agreement.

Community Engagement, Partnership working and reporting

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.

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St Georges Barracks

In September 2017, the Ministry of Defence (MOD) and Rutland County Council announced that it would work together to explore possible options for the future use of St George's Barracks in North Luffenham.

St George's Barracks was identified for intended disposal by the MOD in 2020/2021 as part of the November 2016 Better Defence Estate announcement.

As well as ensuring MOD infrastructure is optimised to meet the UK's strategic defence needs, the estate optimisation strategy also contributes to a cross-government target of releasing enough land for a potential 160,000 new homes by 2020, with surplus MOD sites to be utilised for housing and other forms of development.

The partnership between Rutland County Council and the MOD aims to make sure the St George's Barracks site is developed in a way that takes account of existing communities, local needs and the environment. Over the next two years a master plan for St George's will be produced and work has already begun to seek input from local groups and organisations with an interest in the site.

Public Parish Briefings took place in October and November 2017 and the Council and MOD held two Focus Group sessions in the Officer's Mess at St George's Barracks on Monday 29 January. The sessions were attended by close to 150 people who were either members of surrounding communities or had expressed an interest in taking part from the wider Rutland community.

The Council has successfully bid for external funding to support preparatory work and has made it to stage two of the Housing Infrastructure Fund (HIF) bidding process. Stage two of the HIF bidding process involves the development of a business case to support the proposal for funding before a final decision on the allocation of funding is made in summer 2018.

The very first high-level plans setting out possible options for the future redevelopment of St George's Barracks were published on Friday 11 May, with residents invited to share their views as part of a public consultation which ran to the 15 June 2018.

The Officers' Mess Site

The Council is looking into the potential acquisition and development of the Officers' Mess site at St Georges Barracks. In March 2018, Cabinet endorsed some proactive work be undertaken that would help us understand whether the acquisition of the Officers' Mess for the purpose of providing new housing is feasible.

The Cabinet report sets out the process that we would hope to follow if the Officers' Mess site is made available for development prior to the rest of the St George's site, including where we would expect to engage further with communities to better understand their ambitions for the site.

Rutland Hub

The Council (RCC) is leading a project to bring together the public sector and elements of the private sector into one physical asset. The Partners involved include the RCC, Leicesterhire Partnership NHS Trust, East Leicestershire and Rutland CCG, Oakham Medical Practice, Healthwatch Rutland, East Midlands Ambulance Service, Leicestershire Fire and Rescue Service and Leicestershire Police.

Currently the partners involved in this project have a number of physical property assets that are spread out across the County of Rutland. In the majority of cases these assets are at the end of their economic life and in need of significant investment or replacement.

This project aims to explore and cost the options in bringing together these partners onto one cost effective asset the will improve operational effectiveness. The project is now at feasibility stage which is being conducted by an external consultant.

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Engagement is underway with local representatives in the form of a public participation group which is feeding into feasibility work to support the development of the project. Various stakeholder events have also been held to help shape future plans.

Town Centre

In 2017/18 the Council continued its project for the regeneration of Oakham Town Centre to ensure a vibrant future for the Town.

To deliver this vision, the Council considered various options including one-way with traffic flowing west to east, incorporating chevron parking, loading bays, high quality surfaces and wider pavements and two-way traffic flow with an enhanced pedestrian environment and high quality surfaces.

A stakeholder engagement strategy was developed by a Project Board and approved by Cabinet on 17th Jan 2017 (report no 19/2017). Stage 1 of the strategy involved working group meetings to consider 3 design concepts. The responses were assessed by the Project Board and the Council's design partners (AECOM) with both options developed as outline designs. Stage 2 of the stakeholder engagement was a public consultation exercise on these options. The consultation ran from 11th June until 14th July 2017 and involved public exhibitions in the Market Place, leaflets and a website. In addition 300 businesses were invited to an evening event to discuss the proposals

Soon after the public consultation, the project was halted as it become evident that the project does not have wide enough support within the community and Councillors were unwilling to bring forward a project without that support. No physical work was actually undertaken by the Council but expenditure was incurred on design work.

The Council remains committed to the need to invest in Oakham as our County town but acknowledges that this initiative must have wider support. Following the unanimous approval of a motion at Full Council on Monday 15 January 2018, a task and finish group has been established through the Council's Growth, Infrastructure and Resources Scrutiny Panel. The purpose of the group will be to consider the future of Oakham town. The Membership and Terms of Reference were agreed by the Growth, Infrastructure and Resources Scrutiny Panel at meetings held on 15 February and 22 March. Membership of the group which is independently chaired includes representatives from within the community, businesses, representative organisations, residents and Councillors with an interest in the regeneration of Oakham. Further information can be found at:

https://www.rutland.gov.uk/my-community/roads-and-highways/oakham-town-centre/

Rutland Together

The Council engages with the local community in different ways. Rutland Together is the Local Strategic Partnership (LSP) for Rutland. The Partnership was established to bring together all of those people and bodies whose work impacts on the lives of local people.

Below is the membership of the Local Strategic Partnership:

Helen Briggs	Chief Executive, RCC
Cllr Oliver Hemsley	Leader, RCC
Cllr Alan Walters	Chair of Safer Rutland Partnership & Health & Wellbeing Board
Cllr Gordon Brown	Chair of Sustainable Growth and Culture and Leisure Theme Groups
Cllr Richard Foster	Chair, Children's Trust Board
Dr Tim O'Neill	Deputy Chief Executive, RCC
Cllr Michael Haley	Mayor of Oakham

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Cllr Alec Crombie	Mayor of Uppingham
Dr A Ker	GP Representative
Tim Sacks	Chief Executive, East Leicestershire & Rutland CCG
Insp Gavin Drummond	Leicestershire Constabulary
CFO Steve Lunn/Rik Taylor	Leicestershire Fire & Rescue
Neil Thomas	Governor, HMP Stocken
Lindsay Henshaw-Dann	Chief Executive, Voluntary Action Rutland
Simon Mutsaars	Chief Executive, Citizens Advice Bureau
Lt Col Richard Chesterfield	Armed Forces Representative

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The Partnership has gone through radical changes since its beginning; this is due to political changes over the years which have affected the partnerships direction of travel. Rutland Together is made up of over 50 partners from the public, private and voluntary sectors. Rutland Together enables different organisations in the community to support each other and work together on different initiatives and services to address local issues.

The following is a list of initiatives that have been created in 2017/18:

- Contribution to a review of the RCC Corporate Plan
- Input into support for changes within our Armed Forces Community
- Restructure of the Local Strategic Partnership
- Significant work undertaken within LSP Theme Groups
- Signed up to and supported the refresh of the Armed Forces Community Covenant

Working with Health

In December 2015, the NHS outlined a new approach to help ensure that health and care services are built around the needs of local populations. Every health and care system (of which LLR is one) was asked to produce a multi-year Sustainability and Transformation Plan (STP), showing how local services will evolve and become sustainable over the next five years. As primary, secondary and social care are all under demand pressure this is an important plan.

Following public engagement in late 2016/early 2017 on a working draft of the LLR STP, the STP has been further developed and reshaped, with the next round of public consultation anticipated in Autumn 2018. The programme has been a standing item at the Health and Wellbeing Board.

A ‘place based budget’ approach is being taken (single system control total) that looks across organisations at the ‘LLR pound’ and which focuses on new ways of working and models of care that manage demand and are more efficient. There are 5 big issues being tackled:

- Urgent & emergency care
- Integrated teams
- General practice resilience
- Service reconfiguration
- Operational efficiency

The Council is already working across LLR on joint commissioning opportunities and in some areas has joint teams. There is a strong likelihood that further integration is likely as “health and social care must have a plan” for integration by 2017, to be implemented by 2020.

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http://www.bettercareleicester.nhs.uk/EasysiteWeb/getresource.axd?AssetID=32078

Helping to deliver health and social care integration tailored to the Rutland context, the Rutland Better Care Fund has progressed well during 2017/18, with the programme remaining on track against its key targets.

Some of our recent successes working together with local NHS providers include:

- An average of 92% of people receiving reablement care after a hospital stay still living at home three months after being discharged
- A projected rate of permanent admissions to residential homes of 196 per 100,000 people aged over 65 this year, well within the target of 322.
- The average number of hospital beds taken up by Rutland patients per day due to delays discharging patients have almost halved (5.2 per day per 100,000 adults, relative to 10.25 per day in 2016/17 and a national average target of 9.4).
- Emergency hospital admissions of Rutland patients are being sustained at last year's levels, against a background trend of rising admissions.

Avoiding hospital discharge delays has been a key focus over the last 9 months, reflecting the national priority placed on this issue. Going forward, the focus of partnership working across health and care remains on unified prevention, including an emphasis on active ageing, and on using holistic and personalised approaches to equip those living with long term conditions or frailty to prolong their independence and enhance their wellbeing, so reducing demand on community and acute health services. A central focus is empowering individuals to take a greater role in their own wellbeing and to shape the care and support that is right for them. Particular successes in prevention include introducing a new Housing MOT service to respond to housing issues with a bearing on health and a low overhead Housing and Prevention Grant scheme for people with disabilities needing home adaptations. In parallel, a new complex care service has been piloted for those with particularly complex care needs that are difficult to meet through the mainstream care market.

Other Engagement

The Council undertakes public engagement and consultation on a range of matters. In 2017/18 this included:

- Future of St Georges Barracks
- Rutland Hub project
- 2018/19 Annual Budget Consultation
- Highways Customer Survey
- Childcare Survey
- Oakham Town Centre
- Sexual health services
- Greetham Neighbourhood Plan
- Council Tax discounts and premiums applied to empty homes
- Local Plan review
- Oakham Hopper Bus service

Reporting

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 Panels.

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

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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/

4. Review of Effectiveness

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.

Internal and Management Assurance

Internal Audit

The responsibility for maintaining an effective Internal Audit function is set out in Regulation 6 of the Accounts and Audit (England) Regulations 2011. This responsibility is delegated to the Assistant Director (Finance). The Internal Audit service operates in accordance with best practice professional standards and guidelines. The service independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources.

The Internal Audit service continues to be provided by the Welland Internal Audit Consortium in partnership with LGSS. The Head of Internal Audit opinion is shown below:

"Satisfactory Assurance can be given that there is generally a sound system of internal control, designed to meet the organisation's objectives and that controls are generally being applied consistently. The level of assurance, therefore, remains at a generally consistent level from 2016/17.

Controls relating to the key financial systems reviewed during the year were all concluded at a level of at least Good Assurance.

The Council has received no opinions of Limited Assurance during the financial year and 44% of opinions have been of the highest rating of Substantial Assurance.

The implementation of audit recommendations during the year has generally been strong, with 85% of those actions from 2017/18 audit reports which were due for implementation being completed in accordance with the agreed timescales.

No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance."

Scrutiny

During 2017/18 the Scrutiny Panels have considered a number of issues of particular concern to assess whether there are robust governance arrangements in place as far as the Council's own services are concerned.

Areas considered include:

- Performance and Financial Management
- Oakham Town Task and Finish Group
- Annual Report of the Director of Public Health 2017
- Signs Policy
- Fees and Charges

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- Local Flood Risk Management Strategy
- Rutland Local Plan
- Adult Social Care Peer Review
- Neighbourhood Plan Task and Finish Group
- SACRE Annual Report
- Children's' Services Annual Reports and Strategy's
- Adult Social Care Annual Reports and Strategy's
- Safeguarding Through Education Annual Report 2016-17
- Ofsted Next Steps Action Plan – following inspection of RCC Childrens Services in 2016
- SEND and Inclusion Ofsted/CQC Inspection – Report No. 162/2017

The Scrutiny Commission continues to provide a platform for Chairs of each Panel to meet and share best practice.

In August 2016 the Scrutiny Commission agreed to undertake a review of Poverty in Rutland. A Green Paper on the Poverty Review was drafted in March 2017 and went out to consultation in April 2017.

Audit and Risk Committee

CIPFA best practice on Audit & Risk Committees recommends two key actions: a) Committees undertake an annual review of their effectiveness; and b) Committees produce an annual report on their activity.

The Committee completed a self-assessment review in July 2016 and has implemented the actions raising from that in 2017/18, including:

- Asking Directors to present to the Committee on any area rated by internal audit as 'limited' – this is now standard practice
- Dedicating 30 minutes of every other meeting to training – sessions have been held on the Annual Governance Statement and Audit Planning
- Reviewing the terms of reference of the Committee – this was completed in May 2017

The Committee also produced an annual report which was presented to Council in September.

Complaints

Significant improvement has been achieved in our complaint response times. The results show that 96% of stage 1 complaints (89% last year) and 100% of stage 2 complaints (92% last year) are answered within the deadlines set within the complaints policies.

Financial performance

Quarterly reports on financial management are presented to Cabinet. In terms of the budget, the Council achieved an outturn of £656k deficit compared to a budgeted deficit of £487k. This includes setting aside underspends of c£315k of adult social care underspends to fund future pressures.

In terms of the medium term financial outlook, the Council has a financial gap (it plans to spend more than it receives in funding) which is forecast to be between £1.5m - £2m by 2020/21. The Council understands that this position is not sustainable in the medium term and is working on a range of strategies to address this position. For example, Members approved a commercial investment policy in February 2018 which would allow investments in revenue generating assets (subject to due diligence and a robust business case).

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Corporate performance

Quarterly reports on Performance Management are also presented to Cabinet. The Council's overall performance shows 91% of indicators are on or above target (as at the end of January 2018), compared to 85% at the end of 2016/17. The Council's annual report is being produced and will be available on the website.

Corporate Plan targets and objectives are reviewed annually to ensure they are still relevant.

Information Governance

The Information Governance (IG) Toolkit is an NHS online system which requires organisations to assess themselves against Information Governance policies and standards, demonstrating a level of assurance which supports information sharing with health for Public Health and Adult Social Care purposes. Requirements cover:

- The Information Governance management framework.
- Confidentiality and data protection.
- Information security.
- Records management.

The Council met the required standard for IG Toolkit version 13, applicable to 2017-18.. We are currently reviewing and updating the information and evidence required to maintain compliance with version 14 of the Toolkit. The Toolkit is being replaced from April 2018 by a new Data Security and Protection Toolkit. This requires health and care organisations to demonstrate how they meet the ten data security standards adopted by Government in July 2017 following the 2016 Review of Data Security, Consent and Opt-Outs by the National Data Guardian for Health and Care.

Project Management

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.

The Internal Audit report on the Library and Children's Centre highlighted a number of areas where lessons have been learnt and the Project Management Framework updated as a result. These areas are mainly in the project initiation phase of the framework, but a more general review of the whole framework was also carried out.

The following changes were made as a result:

- Establishment of formal project governance arrangements – establishment of a Project Board earlier in the process to oversee the project initiation and feasibility work.
- Budget Setting - The project board will provide more effective challenge to the development of the plans and budgets and include a finance representative
- Effective challenge of proposals (stages 0 and 1) - having a project board will also allow for a more robust response to any challenge from elected members or officers and this will be achieved through an evidence based approach, such as feasibility studies, surveys etc.

All project progress is also being monitored through SMT to understand progress and to overcome any potential issues/risks before they become problematic. This provides an additional layer of challenge outside of the project boards and allows for the independent escalation of issues.

The revised framework is being applied on current projects, for example:

- Oakham Enterprise Park II
- Transforming Care Programme
- Green Waste collection

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- General Data Protection Regulations
- Planning system replacement

Whilst projects are at different stages, project reporting indicates that all projects are on track.

Data Incidents

Between April 2017 and March 2018, 15 reports of potential data breaches were made. This is a slight increase on 2016/17. All were investigated to satisfactory conclusion with no outstanding risks identified. No data incidents were escalated to the Information Commissioners Office (ICO).

Business Continuity

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.

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.

An audit of Business Continuity and Emergency Planning was undertaken in late 2017 and concluded that the Council's arrangements were 'Good'.

Current controls include the following:

- A Business Impact Assessment (BIA) has been carried out to determine which services are critical, how quickly they must be restored and the minimum resources required.
- A Major Incident Plan has been prepared which defines a structure to confirm the nature and extent of any incident, take control of the situation, contain the incident and communicate with stakeholders.
- Business Continuity documents have been uploaded to a secure website (Resilience Direct) to ensure they can be accessed from any site in the event of an incident
- Contract Procedure Rules include the requirement for contract managers to consider the impact of contractor failure and mitigate the risks appropriately

The most recent test was undertaken as a desktop exercise in June 2017 and the results were recorded in note form by the Senior Resilience Officer (SRO). The SRO stated that the notes are not kept once revisions to the Major Incident Plan are made although there is a 'lessons learned' register maintained by the Leicestershire Resilience Partnership that includes lessons from tests completed by all members of the partnership and associated agencies to support sharing of best practice.

There has been some high level training provided to key staff members where their role is key in business continuity. The emergency planning test exercise referred to above is also used as a training tool for key staff involved in business continuity and enables them to be tested in scenario situations to see if they can arrive at a timely and accurate solution

Management Assurance

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.

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External Audit, Inspections and Reviews

External Audit

The Audit and Risk Committee has received and formally debated the Annual Audit Letter and External Audit Annual Plan. KPMG in their Annual Governance Report for 2016/17 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 Inspection of Services for Children in Need of Help and Protection, Children Looked After and Care Leavers and Review of the Effectiveness of the Local Safeguarding Children Board

Rutland's children's services were inspected by Ofsted from 15th November to 8th December 2016. In a final report published on 13th February 2017, Ofsted gave the Council a 'Needs Improvement' rating. The report acknowledged the good work being done by our staff on behalf of children in Rutland but provided us with an indication of where improvements are required in order for children's services in Rutland to be rated as 'Good'.

In May, the Council took an action plan to the Children's Scrutiny Panel which addressed the 17 recommendations which Ofsted noted in their report. An update was provided at the November Children and Young People Scrutiny Panel which can be found below:

http://rutlandcounty.moderngov.co.uk/ieListDocuments.aspx?CId=132&MId=1705&Ver=4

Ofsted Joint Local Area SEND Inspection

Between 10 July 2017 and 14 July 2017, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Rutland to judge the effectiveness of the area in implementing the disability and special educational needs reforms as set out in the Children and Families Act 2014. The main findings were as follows:

- Leaders are very committed to improving the local area's arrangements for identifying, assessing and meeting the needs of children and young people who have special educational needs and/or disabilities.
- The local area's self-evaluation is accurate.
- The designated clinical officer has a clear quality assurance role to ensure that health practice is effective in meeting the needs of children and young people who have special educational needs and/or disabilities.
- The local area's identification of children who have special educational needs and/or disabilities in the early years is highly effective.
- The local authority and health professionals work very closely together to meet the needs of children and young people who have special educational needs and/or disabilities.
- The quality of EHC plans has improved markedly over the past 12 months. They capture the children's voices and the views of parents and carers well. The outcomes are sharply focused and reflect the hopes and aspirations of children and young people. Parents have appreciated the greater clarity in the plans.
- A higher proportion of EHC plans are completed within the statutory time frame than nationally.
- The academic outcomes for children who have special educational needs and/or disabilities are improving.
- The communication of the local offer (the online tool for signposting families to services) has not been effective. Leaders recognise this and have already started talking to parents about how they could communicate the local offer to them more effectively.
- Children and young people who have special educational needs and/or disabilities say that they feel safe in Rutland.

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The report was discussed at the Children's Scrutiny Panel in September 2017 and a series of actions were agreed including reviewing the Local Offer (now completed) and creating a Project Board to oversee the capital funds available to improve and extend SEND provision in Rutland.

Public Services Network compliance

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 PSN accredited networks, without increasing or substantially changing the risks to the already accredited network. 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. The Council is now fully compliant until April 2018.

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. There has been one significant governance issue arising. Whilst action has been taken to address this issue, full disclosure of the issue, impact and Council's response is given below.

5. Significant Governance Issues

There are no significant issues to report.

6. 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:	_____	Signed:	_____
Helen Briggs, Chief Executive		Oliver Hemsley, Leader of the Council	
Date:	_____	Date::	_____