Statement of Accounts 2020/21

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Wealden
District Council

Contents

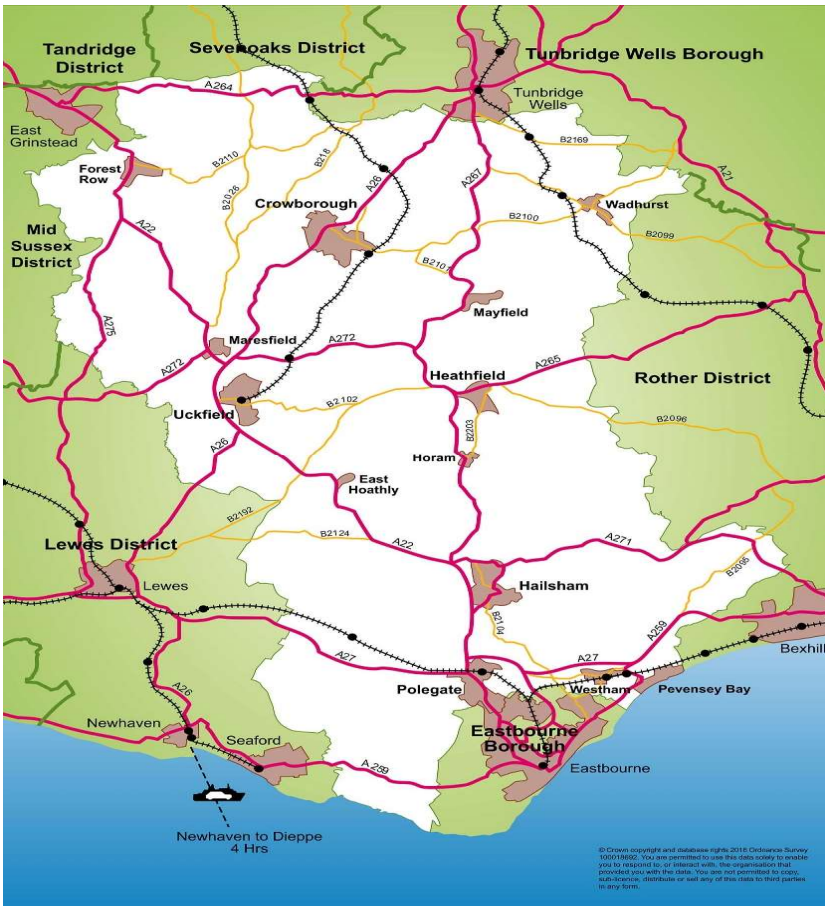
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Narrative Report

1. Wealden as a place



Wealden facts and figures

Wealden is the largest local government district in East Sussex covering 323 square miles and has a population of 160,175[1].

There are an estimated 69,221[2] households within the district.

Half the population live in five main towns: Crowborough, Hailsham, Heathfield, Polegate and Uckfield. The rest live in villages and hamlets in some of the most attractive countryside in the South of England.

With two-thirds of the district covered by the High Weald Area of Outstanding Natural Beauty and the South Downs National Park, as well as 41 conservation areas (33 of which are administered by the Council) and 2,241 listed buildings, Wealden has to place a high value on protecting the environment.

Wealden has 8,495 businesses, with small and micro businesses forming a fundamental part of the Wealden economy. 91.3% of Wealden's businesses employ fewer than 10 people[3].

The largest proportion of business enterprise in the District is in the Professional, Scientific & Technical category at 16.5% followed by construction at 14.5%[4].

[1] ONS 2018 mid-year estimate
[2] East Sussex County Council's dwelling-led projection for 2020 produced using the POPGROUP forecasting model developed by the Local Government Association (LGA)
[3] Office for National Statistics (ONS)/Inter Departmental Business Register (IDBR) 2019
[4] Office for National Statistics (ONS)/Inter Departmental Business Register (IDBR) 2019

2. District of opportunity

Wealden District Council has a vision for the future[5]:

> "Shaping Wealden as a District which offers a fulfilling and worthwhile quality of life for our residents, a thriving and prosperous place for businesses where local people and visitors can enjoy the outstanding beauty and heritage of our landscape and environment. We will continue to chart a course for the District founded on lean, efficient principles, based on sound business management with a considered approach to investment and income generation. In a post COVID-19 world we will play our part in achieving strong, self-reliant and vibrant conditions for the wellbeing of our residents, our businesses and our environment.

We are a council centred on community that strives to;

- Work together with colleagues and partners to deliver the best for our communities.
- Be excellent in serving our customers.
- Aspire to be the best we can.
- Provide first class leadership for our staff and our communities.
- Be a modern, forward thinking dynamic Council.
- Be efficient and effective in all we do.
- Act with integrity and be trustworthy, open, honest and dependable

What will we do?

Our 8 most important aims	How?
1. Promote a better quality of life for Wealden people through activities that improve health, resilience and well-being.	• We will work alongside partners to reduce health inequalities by encouraging and promoting better leisure, sporting and recreational facilities.
2. Improve access to essential services for all our communities.	• We will put first class customer service at the core of how we operate, leading with digital solutions, but being mindful of the needs of all.
3. Support our local businesses, tourism sector and entrepreneurs to achieve a locally sustainable economy.	• We will support our economy to recover and flourish in a post COVID-19 world.
4. Work with partners to regenerate our diverse market towns, creating jobs and attracting investment.	• We will lead on our key Hailsham Town Centre regeneration project (Hailsham Aspires) ensuring we capture all the learning and best practice to take into other projects in the future.
5. Ensure development meets future needs, with associated investment in infrastructure.	• We will deliver a local plan for the district that provides a balanced approach to

[5] Corporate plan 2019-23 - Mid-term update

Our 8 most important aims	How?
	housing, growth, the environment and our residents. • We will help our partners deliver the right infrastructure to support our communities not just for now but also into the future.
6. Generate ongoing sources of income to reinvest in local priorities and optimise funding from external sources.	• We will continue to pursue commercial opportunities to keep council tax low while maintaining valued services to customers.
7. Protect and enhance Wealden's unique natural environment and heritage.	• We will care for our natural and historic environment through our actions and working with our partners.
8. Ensure that Wealden is Carbon Zero by 2050 at the latest.	• In everything that we do we will consider our impact on climate change in order to deliver our climate change action plan and move Wealden towards becoming a carbon neutral area as soon as possible.

Our progress to date[6]

- We have secured over £28m for infrastructure within the District and are working with partners to deliver new school places and major highways improvements; we are also providing over £2.5m to Town and Parish Councils
- We have delivered over 530 affordable and 1200 market homes across the District
- Our housing company, Sussex Weald Homes Limited have worked to meet the demand of first-time buyers or those looking to downsize, delivering 34 new homes at Woodpecker View in Crowborough
- Our community grants programme has provided in excess of £320,000 to support our partners including Citizens Advice, 3VA, Care for the Carers, Conservators of Ashdown Forest and People Matter
- We are working with partners to improve health outcomes for our residents. Pre-COVID our leisure centre usage peaked at some 1.1 million annual visits and we are taking an active role in delivering new healthcare facilities in Mayfield, Hailsham and Polegate
- We have declared a climate emergency and set our detailed action plan. As a Council and District we will be net-zero by 2050
- We now have over 110 services available online through MyWealden, our self-service portal, helping us to deal with over 100,000 visits a month to our online services, saving us time to help those that need us most Affordable housing, Woodpecker View, Crowborough
- Working with our contractor we now recycle 49.5% of the waste we collect, with 50% being turned into electricity and just 0.5% sent to landfill
- Through our proactive intervention work, we have prevented over 865 households from becoming homeless since April 2019

[6] Corporate plan 2019-23 - Mid-term update

- We have introduced a vital new service to residents with our state of the art crematorium which is producing a commercial return
- We have frozen Council tax for 2021/22, while maintaining valued services to our customer
- We have helped 3,900 residents with housing benefit and 6,888 with Council Tax reduction

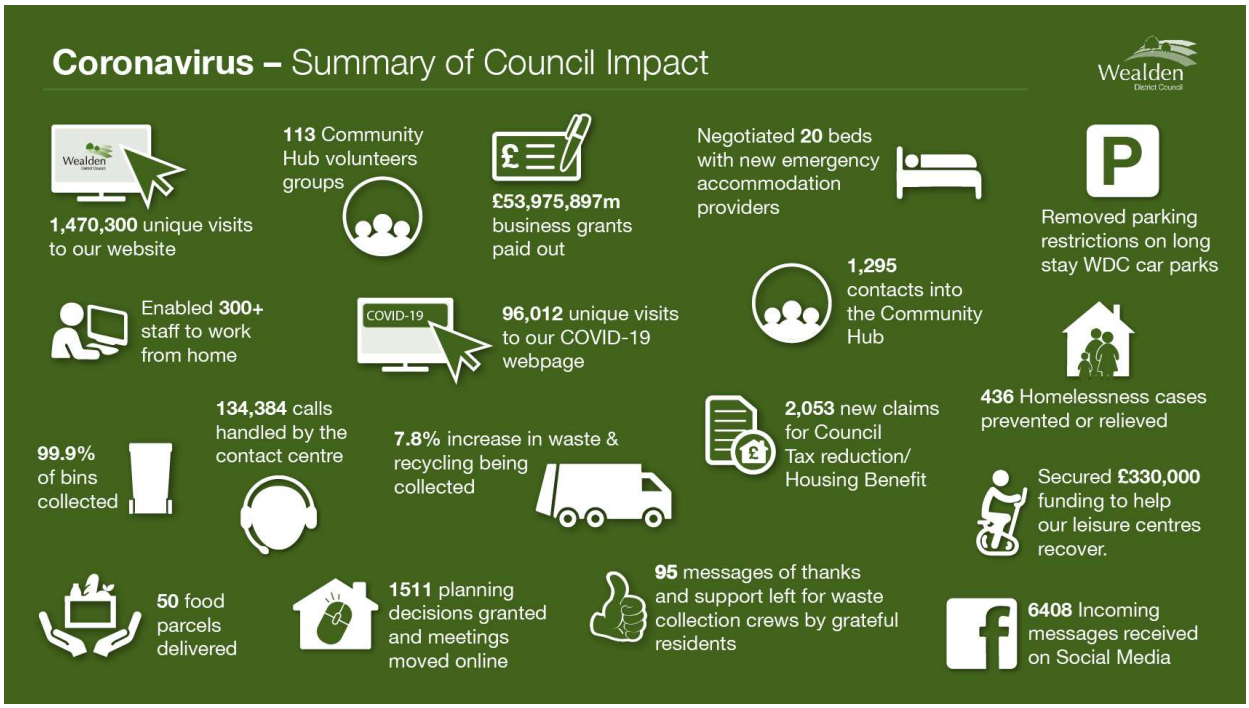
How will we measure ourselves?[7]

Progress against the delivery of this Corporate Plan and its objectives will be managed and reported on a regular basis. In keeping with our commitment to transparency and accountability, quarterly reports will continue to be considered at Cabinet and Overview and Scrutiny committees. These reports will include updates against the priority objectives and relevant performance indicators measuring the impact of our activities. These reports and the meetings will be publicly available on our website.

3. The Council's response to the Covid-19 Pandemic

The Coronavirus (''Covid-19'') pandemic has had a significant impact through reshaping Council's services and changing the way Wealden's residents live, work and socialise. The pace and scale of the support that the Council, with our local partners and communities, have mobilised to help those in need and minimise the spread of infection has been a Herculean effort. Through its business continuity planning, the Council has long prepared for eventualities such as this and worked to maximise its resilience and the ability to continue delivering the key services it provides to Wealden residents and businesses.

The entire 2020/21 financial year has been dominated by the impact of the pandemic and it continues to have an effect into 2021/22. The following sub-sections set out the impact on Council services and its residents, and how the Council has responded to lead on local delivery of services and protect vulnerable residents and support local business. A summary of the impact can be seen below:



[7] Corporate plan 2019-23 - Mid-term update

Provision of services

Community Hub – This was initially set up to provide support for residents who need to self-isolate but who did not fall within the 'shielded' cohort covered by East Sussex County Council fell to local Community Hubs operated by local District / Borough Councils. The Community Hub acts as a safety net for those who could not get the support they needed from family, friends, neighbours or community groups.

On 25 March 2020 Wealden District Council put in place arrangements for local residents to contact the Wealden Community Hub (''the Hub'') to ask for support, the same day government guidance was published that clarified the role of the local hubs. The Hub acts as a co-ordinating link so that residents have a single point of contact to ask for assistance, and works with 3VA, Town & Parish Councils and voluntary groups to connect people with these groups to ensure local support is provided. This includes the provision of emergency food parcels, support in obtaining medical supplies or a call for social interaction for those who are lonely. The Council also provides hands on support to residents who cannot access voluntary / community support in their area. The Council sent a leaflet to everyone in the District over the age of 70 to let them know about the Hub and the support available.

The Hub also provides an avenue for local residents to volunteer to help where they aren't already connected with local groups. Over 300 people volunteered, and in co-ordination with 3VA, the residents were connected with local voluntary groups. As at 5 March 2021, the Wealden Community Hub had received 1,292 enquiries since going live in March 2020. These have been mainly focussed on co-ordinating food deliveries for eligible residents. The hub also maintains a small supply of emergency food parcels as a backup for other activities.

Effective operation of the hub continues to be maintained with regular interaction with East Sussex County Council (ESCC), 3VA Voluntary Action and Clinical Commissioning Groups (CCGs) to ensure cohesive working to meet local needs often through volunteer teams. Town and Parish Councils also remain a key part of the infrastructure to ensure that we can respond to demand from some of the most vulnerable members of our communities. ESCC has been contacting all clinically extremely vulnerable (CEV) residents by telephone, letter and email to ensure they have essential support. The Ministry of Housing, Communities and Local Government (MHCLG) has recently revised its classification of CEV and it is estimated that an additional 5 - 6,000 Wealden residents are now included in this category.

Supporting Business - the Council has worked hard to support businesses' transition to new ways of working, through the provision of signage to help enforce social distancing rules as well as leaflets, posters and other information to support our growing takeaway market. Environmental Health officers have been monitoring the closure of business premises to ensure compliance and contacting businesses who might not be adhering to the guidance to help to keep our communities safe.

Housing - there was an increase in the number of residents who needed the Council's support. Some of this was because they became, or were threatened with, homelessness; and homeless people also needed to isolate because of Covid-19. There have been increased reports of domestic violence and the need to support vulnerable children. Responding to these concerns has been in addition to the support provided to our tenants who are struggling to pay their rent, as well as our residents in our retirement living properties that need additional help from the Council whilst they are self-isolating.

Business Grants – throughout the pandemic, the Council has administered the payment to qualifying local businesses of government grants. There have been around 15 different grant types each with several levels of qualifying rules and payment instructions. In addition to these, the Council was granted a discretionary power by government to pay out grant monies totalling £7.3m to businesses that fell outside the scope of the main grant eligibility criteria. The Council had to develop its own schemes and application processes to administer this, and worked in partnership with our neighbouring local authorities to develop a consistent approach across the County.

This has all been a massive undertaking throughout 2020/21 and to date, across all the various grant schemes, we have received more than 14,500 applications and paid out over £65 million to around 12,000 businesses. Each application needed checking to ensure that the business qualified for the grant and to protect the public purse against any attempted fraud. Statistics published by the Department for Business, Energy & Industrial Strategy showed Wealden as receiving an above average proportion of the grant to be allocated to local businesses.

Benefits - we have seen a significant increase in applications for benefit and council tax support. Despite the complexity and volume, these have been processed quickly and efficiently to ensure our most vulnerable residents receive the support they need.

Council Tax Hardship payments – In 2020/21, the Council administered the government's hardship fund for local council tax payers who receive Council Tax support. This saw the Council process credits of up to £150 per resident – from our £0.690 million fund, for over 3,000 people. This happened seamlessly and without need for residents to contact us or apply for this. For 2021/22 the Council will administer the government's hardship fund for local council tax payers who receive Council Tax support. This will see the Council process credits of up to £50 per resident – from our £0.200 million fund, for over 3,500 people.

Test and Trace Payments – the Council has been operating the Government scheme to provide a one off payment of £500 to those who are required to self-isolate by the NHS and losing income as a result. This will continue into 2021/22.

Vicarage Field - we took the decision to grant a rent payment holiday early in 2020 to the small independent businesses trading from the shops we own within Vicarage Field, Hailsham. This helped support small retailers who were temporarily closed due to the Covid-19 restrictions.

Crematorium – the crematorium has had to make changes to the way it operated to ensure the safety of staff and mourners. We have worked with funeral directors and others to ensure that the wishes of families are met sensitively whilst meeting the social distancing guidelines. We have also had to plan for the forecast increase in the number of deaths that are expected in our communities.

Leisure - the social distancing measures and risk of infection has meant that our leisure centres were closed during the lockdown periods. We have supported the leisure provider throughout the period by bidding for Sports England Funding to be passported directly to them and also through providing emergency funding from our own reserves.

Testing & Tracing / Local Outbreak - The Council worked with the County Council's Director of Public Health to ensure local arrangements continue to be in place for the national test and trace system and for controlling any local outbreaks of COVID-19. Our local role, through the Environmental Health team, centres on giving advice and guidance to people if a local outbreak occurs within Wealden. Our role is to support local people and ensure enforcement of the regulations locally should it be necessary.

Using technology - we have undertaken innovative thinking in using technology to carry on providing services to customers. For example, housing and building control officers, used Facetime to conduct remote visits to premises. This allowed them to view properties and ask for photos to be taken of key issues. This approach worked well and customers were pleased with this approach.

Communications – During 2020/21 the communications team has been using the Council's Corporate Twitter or Facebook to keep the public informed about what is going on, as well as supporting key messages from government about the pandemic.

Customer reception point - the Council's customer reception was (and still remains) closed to encourage people to isolate and not come to our office just because it is open. Our strong advice to customers was to use the website & email to contact us, and if that doesn't solve the problem, then to contact us by phone.

Council's workforce

Throughout 2020/21, the Council has proactively responded to the general social distancing lockdown and made changes to working practices to facilitate increased remote working. The migration of all staff to remote working was facilitated by the Council's Digital Services doubling the broadband bandwidth which meant the Council's online presence is more available and quicker for staff to use. This meant around 300 staff are logged on and working, as normal, everyday, using tools such as Microsoft Teams, to ensure the ongoing provision of all our vital services.

We have been operating with minimal numbers of staff in the office throughout the pandemic and have developed and utilised contingency plans to redeploy staff to key activities due to the Covid-19 situation.
Following the publication of government guidance on virtual meetings, we also tested and set up systems to allow our Committee meetings to take place remotely.

Supply chains

We worked closely with our waste contractor, Biffa, to maintain their essential frontline waste collection service. The garden waste collection service was temporarily suspended for a few weeks due to Biffa staff sickness absence affecting collection crews, but was reinstated from Monday 20th April 2020.

The government issued a note on procurement in response to Covid-19 which the Council followed. The guidance outlines a range of commercial actions that must be considered by contracting authorities in responding to the impact of Covid-19. In such exceptional circumstances, authorities may need to procure goods, services and works with extreme urgency.

Reserves, financial performance and position

While there was a significant impact on the Council's finances due to the Covid-19 pandemic, through careful management of its resources and government funding, the year-end position was better than initially anticipated. This was only made possible by the receipt of government funding that did not fully meet the losses in income (council tax, non-domestic rates, commercial rents and licencing fees) and additional expenditure (accommodation/support for rough sleepers, shield and hub to protect and support our vulnerable residents, and additional staff costs to cope with the increased demand for some services i.e. revenues and benefits) incurred by the Council as a result of the Covid pandemic. We are also expecting that there will be an impact on the Council's financial position in 2022/23 and beyond as government support for the Council, businesses and individuals reduces as things return to the "new normal" and the true scale of the impact on the Council's finance may not be known for a number of years depending on whether there are subsequent waves and future lockdowns.

The reduction in interest rates, coupled with the additional funding received (both for the Council and to distribute to local businesses) has given the Council additional challenges in terms of treasury management. During 2020/21 the Council had to manage significant cash balances due to the grants received and ensure these were spread across a number of investments to ensure security and liquidity. The yield from these were at an all-time low, which will have longer term impacts on our forecast investment income.

Moving forward, the Council will reset its Medium Term Financial Strategy (''MTFS'') in recognition of the impact of the pandemic and the Council's strategic objectives. The changing environment and "new normal" in which we find ourselves will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority. This will also require the Council to review the structural position of its budget and how that may change going forward.

The Council has sought in recent years to build up the general fund reserve balance to ensure the Council is financially resilient. The Council is therefore in a position to draw upon its general fund reserve balance in 2020/21 to balance its budget (within a certain tolerance level) if required.

Major risks to the Council

The major ongoing risks to the Council arising from the Covid-19 pandemic, and actions we are taking to mitigate the impact are outlined below.

Risk	Mitigations/ Actions
Outbreak of Covid-19 amongst the workforce	• Continued home/remote working • Office cleaning regime • Flexible working environment • Adherence to Government guidance re social distancing and PPE • Self-testing
Medium and long term impact on staff well-being and mental health due to sustained exposure to critical incident	• Mental health first aiders and employee support groups available to help with stress and other health issues • Regular updates for staff and continued support from managers • Absence monitoring • Workload/task reviews
Loss of income from local taxation and commercial services	• Financial modelling • Budget monitoring/reconciliations • Completion of Government returns to ensure funding maximised
Risk of impact on council of further waves or new variants	• Plans in place for enforced home/remote working • Record of lessons learnt from previous lockdowns

Restart and Recovery Plan

The council is making sure we are actively involved in ensuring communities, and our local economy, get back onto a firm footing as soon as possible.

We have also been working on plans for some time to consider how we as an organisation will operate after lockdown. This includes trying to assess short, medium and long term implications for our organisation and where we might need additional resourcing to support this. We are also modelling around scenarios such as phased returns to the office and future office occupation.

In February 2021, Cabinet were updated on the latest Restart and Recovery Plan. The plan is tailored to local circumstances and the priorities for our community. To help drive that re-start and recovery, we have identified 6 Strategic Objectives that we consider are essential for the District:

1. Support existing businesses that have had to temporarily close during the pandemic to re-open and thrive; and give the public confidence to return to using those businesses.

2. Create the right conditions for new businesses to open / relocate to Wealden.
3. Where businesses have had to close, support owners and help employees to find new employment.
4. Help communities to embed positive changes made to lifestyles, to promote physical and mental wellbeing.
5. Ensure resilience of community and voluntary groups in the future and help them recruit new volunteers and supporters.
6. Continue to provide support, where needed, to those most vulnerable and / or affected by the Covid-19 emergency.

To address the need for the Council to re-start and recover in terms of our own business operations, we have also identified 5 Council specific Strategic Priorities:

1. Ensure all Council services are fully operational as quickly as possible.
2. Work with partners (public and private sector) to facilitate the delivery of the District strategic outcomes above.
3. Embrace and embed positive changes made to the way we operate as a business.
4. Review our financial plans to ensure we manage all cost pressures.
5. Review our emergency planning response to ensure we are fully prepared should there be a second infection peak or local outbreak.

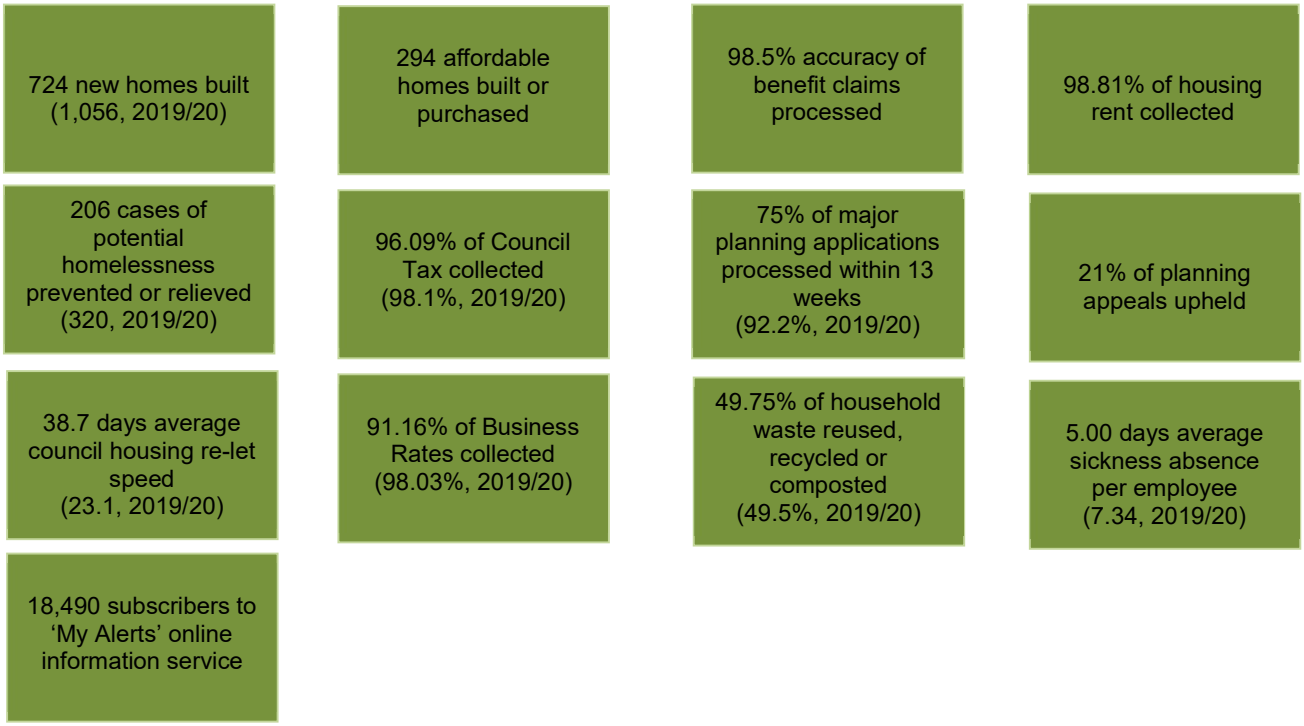
4. Year at a glance

Ambitions	What we achieved
1. Communities	• Launch of a new Healthy Wealden website gaining 8,378 page views and 3,726 unique visitors over its first three months. Links to a Facebook campaign promoting keeping active using our open spaces and the Cuckoo Trail reached up to 1,700 people. • A Memorandum of Agreement was signed in February between Wealden District Council and Mayfield and Five Ashes Parish Council to co-invest and develop a community centre and new GP surgery on the site of the community hall in Mayfield. • The Council worked with partners to stage events in “All digital week”, holding a couple of workshops about video conferencing which were fully booked • In line with the gradual lifting of COVID-19 restrictions through the spring, support from the Council ensured that all leisure centres in Wealden were reopened to the public, subject to COVID Secure guidelines. We also secured £330,000 from the National Leisure Recovery Fund to help ensure that our sites remain viable for the long term.
2. Environment	• Processed 2410 planning applications and dealt with 572 pre-application enquiries and 203 Listed Building pre-application enquiries. • Dealt with 52 planning appeals, of which 41 were dismissed and 11 allowed. • Investigated 716 planning enforcement cases and resolved 623. (an increase of 16% in the number of cases received compared to the previous year) • Processed 441 tree work applications and applied 10 tree preservation orders to safeguard trees and woodlands of high amenity value in the District.

Ambitions	What we achieved
	• Undertook 44 arboricultural consultations for the South Downs National Park Authority through our service level agreement. • Collected a total of £ million in Community Infrastructure Levy (''CIL'') • East Sussex Building Control Partnership operated by Wealden carried out 11,172 site visits across the Partnership area and dealt with 151 dangerous structures across the districts. The Partnership received 2,385 projects ranging from small domestic extensions to a Grade 1 listed water pumping station. For 10th year in succession the Partnership remains the number one go to Building Control provider in the East Sussex area, meeting all its KPI targets. • Grant of planning permission for one of the first solar electronic vehicle charging forecourts in the UK. • An iChooser bulk purchasing scheme for domestic solar energy installing 20 residential solar schemes along with another 90 surveys completed for potential installation. • We were part of the Joint East Sussex Green Homes Grant Local Authority Delivery bid of £1,357,656 to improve 125 homes across the county • Preparation for the new Local Plan with an adopted Statement of Community Involvement and a Local Development Scheme as well as consultation on a Direction of Travel Document receiving 1,700 comments from 304 respondents.
3. Local economy	• Nearly 8,000 Wealden businesses receiving grant payments through the multiple COVID-19 lockdown grant schemes. • Adapting business support to enable local business to be COVID-secure with 12,000 advice e-mails and 15 web pages for businesses receiving 6,000 hits and 4,000 posters downloaded. • FastTrack planning advice service set-up to support Wealden businesses coming out of the pandemic with 25 businesses already assisted. • Consultation on masterplan options for the regeneration of Hailsham town centre under the Hailsham Aspires project along with preparation of a land assembly strategy and

Ambitions	What we achieved
	high level planning principles for the site including conservation aspects. • Our priority for supporting farming, forestry and viticulture saw the opening of two additional vineyards
4. Sound business management	• Realising £399,267 in savings though our procurement activity over 2020/21 with 19% of suppliers based in Wealden and 45% of our £ 22,606,225 spend made with small and medium sized enterprises. • Securing £330,000 from the National Leisure Recovery Fund to help ensure that our leisure centres remain viable for the long term through recovery from the pandemic. • Detection and prevention of fraud against the Council totalling just under £0.5 million. • There are now over 110 services available on MyWealden, the Council's online self-service portal. Alongside this there are nearly 50 layers available to the public on the online mapping system, giving interactive information such as planning applications, electoral boundaries, car parks and public toilets. • Progressive migration to Microsoft Teams and Office 365 for increased efficiency and enhanced collaborative working with the majority of the workforce working remotely from home.

About the Council



5. How does the Council decide where to use our resources?

The Council is composed of 45 councillors who meet to decide the Council's overall policies and set the revenue budget and capital programme each year. The Full Council meeting is also the main setting for holding the Cabinet to account, providing an opportunity for Cabinet members to be questioned by councillors or, indeed, members of the public. This accountability is part of the Council's wider governance framework which is reported on annually in an Annual Governance Statement (this statement forms part of the Council's Statement of Accounts).

The Cabinet is made up of the leader and up to 7 other councillors each with a portfolio of responsibilities and is responsible for most day-to-day decisions. The Cabinet has to make decisions which are in line with the Council's overall policies and budget because whilst the budget and many plans and strategies will be proposed by the Cabinet, Full Council decides whether to accept or amend these proposals, or indeed replace them completely.

Information from various sources is considered when making those proposals including results from consultations with service users, stakeholders and the general public, needs assessments, national priorities and initiatives and the outcomes identified in the corporate plan. These outcomes underpin the allocation of resources and the activity undertaken by the Council.

6. Financial Performance

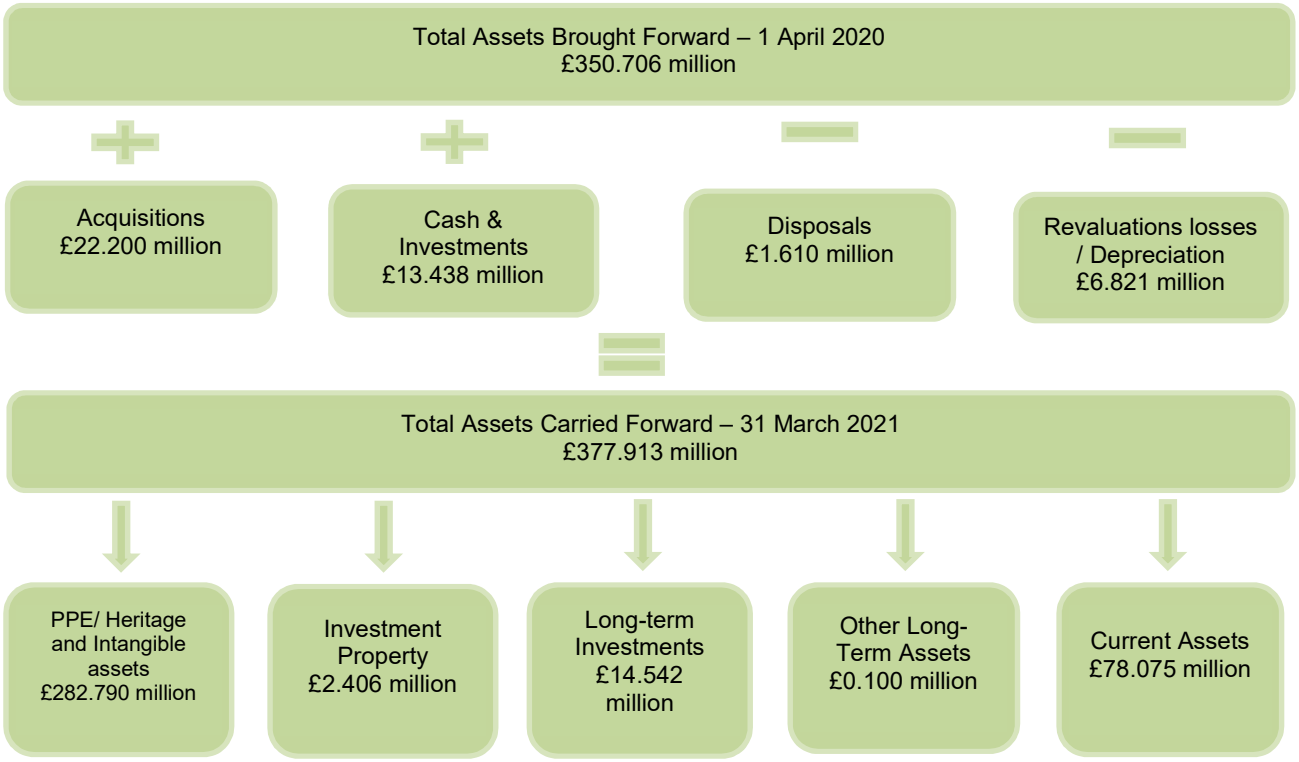
Financial context of the Council

The Council manages resources and assets in excess of £679 million by:

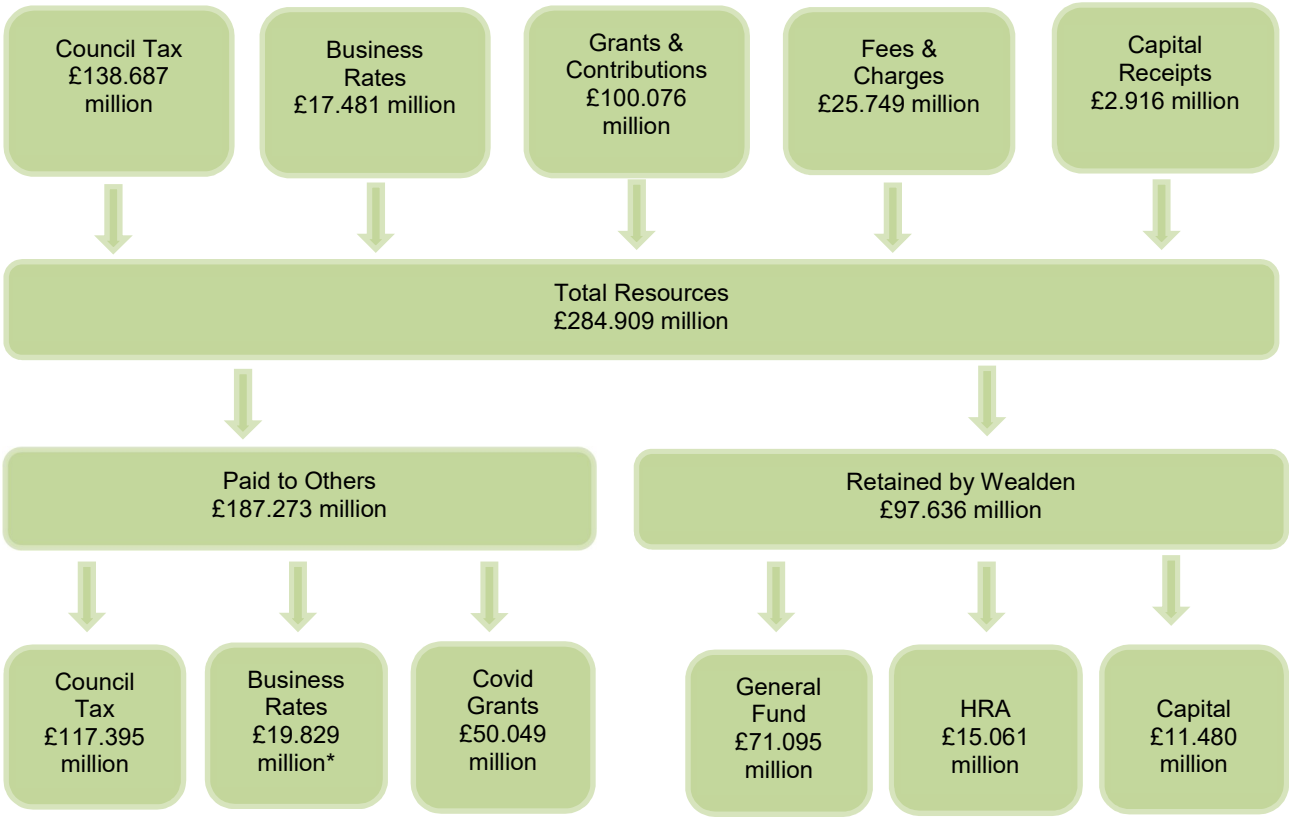
- Collecting £139 million of Council Tax;
- Collecting over £17 million of Business Rates (reduced from previous years due to Covid-19 reliefs). The Council keeps only a proportion of this;
- Managing a £299 million portfolio of land, buildings and other assets;
- Spending approximately £78 million on Council services;

- Accounting for £71 million of fees, charges, rents, and revenue grant funding which are used to help deliver services and keep council tax down;
- Distributed over £66 million of Covid related grant funding, with more continuing to be distributed in 2021/22; and
- Proactively investing cash and investment balances totalling over £75 million.

Assets



Resources:

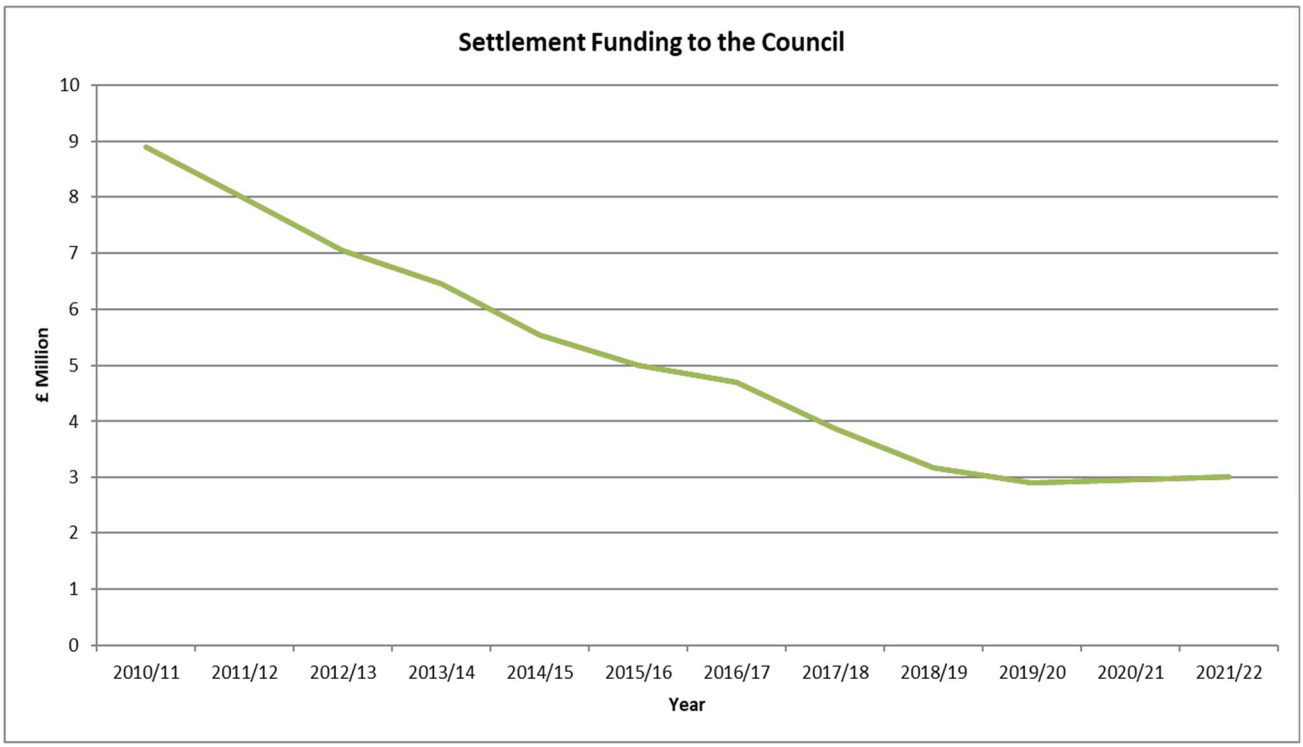


** Paid as per initial planned shares pre-Covid as per regulations, this will be managed via the collection fund. The Council received s31 grants to compensate for loss of business rates due to Covid 91 reliefs given to businesses.*

Core Funding

In common with the rest of local government, the Council has seen a steady reduction in its core funding in recent years (see graph below). The government's aim is to phase out non-specific grant funding altogether, instead allowing local authorities to retain a higher proportion of business rates collected locally, the introduction of the new business rates scheme has been delayed due to the Covid-19 pandemic and we await final details of the proposed scheme.

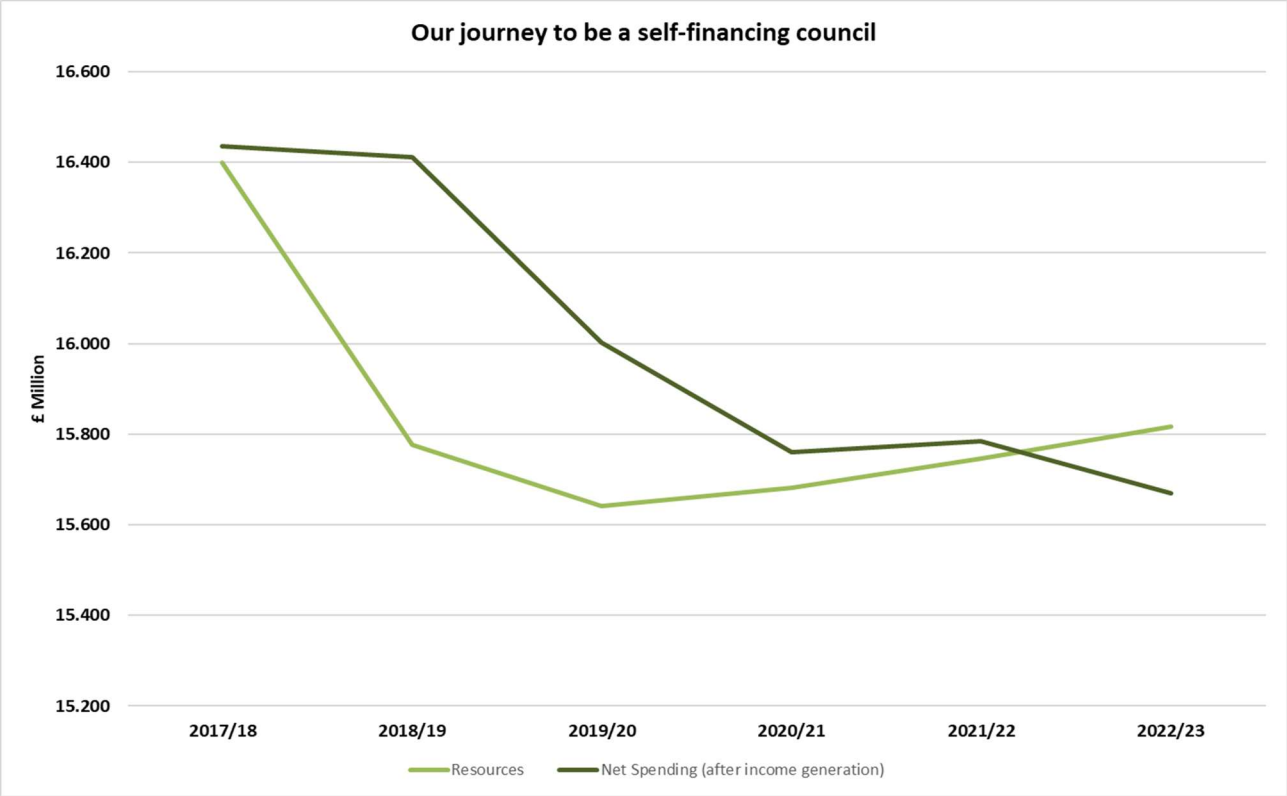
For 2020/21, the council continued to be the lead authority for the East Sussex Business Rates Pool, which also consists of East Sussex County Council, East Sussex Fire Authority, Eastbourne Borough Council, Hastings Borough Council, Lewes District Council and Rother District Council. This pooling of the business rates income from growth across the area ensures that all the authorities in the pool benefit from economic growth across the whole area and benefit financially through retaining more business rates locally.



Addressing future challenges

The Council's MTFS 2021/22 to 2025/26 indicates that in addition to reductions in government funding, the Council also expects to see increasing demand for services over the next five years. The MTFS has been set within the context that the Fair Funding Review (''FFR'') and Business Rates Retention (''BRR'') will be implemented along with anticipated changes to new homes bonus and more general economic changes brought about by pay and general inflationary pressures.

The Council is pursuing creative new initiatives such as new income generation opportunities to offset the reductions in government funding, maintain value services and become a self-financing council – the graph over the page illustrates the Council's financial projects to become self-financing. An initiative to contribute towards the self-financing objective was the Council setting up Sussex Weald Homes Limited, a 100% owned subsidiary to build properties that will be rented or sold to the Council and privately, and acquisition of commercial properties.



To balance the budget there will be a continuing need for service transformation, efficiencies and other savings initiatives for the foreseeable future.

2020/21 Council tax and revenue spending

Wealden set the Council Tax at £197.44 for a Band D property in 2020/21 (£192.44 in 2019/20). This 2.6% increase helped to fund the impact of Covid-19 and the general increase in inflationary increases across all services.

The Council's earlier transformation programme (i.e. income generation, improved efficiency and procurement activities), put the Council in a healthy position in 2020/21, and through prudent financial management delivered a balanced budget in 2020/21.

A net revenue budget of £12.966 million was approved by Full Council in February 2020 with allocation of budgets shown in the table below (adjusted for in year transfers).

Description	Budget £000
Members	379
Chief Executive's Directorate	4,771
Customer & Community Services	8,798
Planning, Policy & Environmental Services	4,240
Central Costs	591
Funding of capital programme from revenue	2,490
Other net income	(1,692)
Business rates (retained locally)	(4,800)
New Homes Bonus Grant	(1,825)

Description	Budget £000
Contribution to/ (from) reserves	14
Net Budget Requirement	**12,966**

Our robust financial management and reporting processes include:

- Quarterly monitoring reports to senior officers and elected members, and
- Regular meeting between finance and budget holders to highlight potential spending pressures or underspends so they can be tackled at an earlier stage.

Reserves and balances

Councils and other organisations need financial reserves to respond to unforeseen circumstances, these can be used to support the budget, or to take advantage of any opportunities that arise such as providing invest to save opportunities or council funding in order to lever in external grants. Whilst many reserves are general reserves and can be used to support our overall financial position, others are known as earmarked reserves which cannot be used for general purposes.

Due to the Council's careful financial management over the previous years, general reserves as at 31 March 2021 are £4.482 million (£7.182 million as at 31 March 2020). An adjustment was made at the end of 2020/21 to transfer £3.000m from the general reserve to earmarked reserves, largely to fund future capital projects. Over the period of the medium term financial strategy 2021/22 to 2025/26 reserves are planned to be maintained at approximately £3.000 - £4.000 million.

Pension liabilities

The Council had net pension liabilities of £36.797 million (£28.531 million in 2019/20), which means that the amount of current and ex-employee pension payments earned at the year-end exceed the amounts paid into pension fund by employees and the Council, and through investing these amounts.

The Council does not operate its own Pension Fund but is part of the East Sussex Local Government Pension Scheme which is administered by East Sussex County Council. Full details of the Pension Scheme and its accounts are available on-line at www.eastsussex.gov.uk.

Housing revenue account

The Council owns approximately 3,005 homes generating rental income of over £13.5 million in the year (£13.6 million in 2019/20). This income is held in a ring-fenced account (the Housing Revenue Account or HRA) which can only be used for social housing purposes. The Council is planning to spend over £66 million in the next five years to increase and improve its social housing stock.

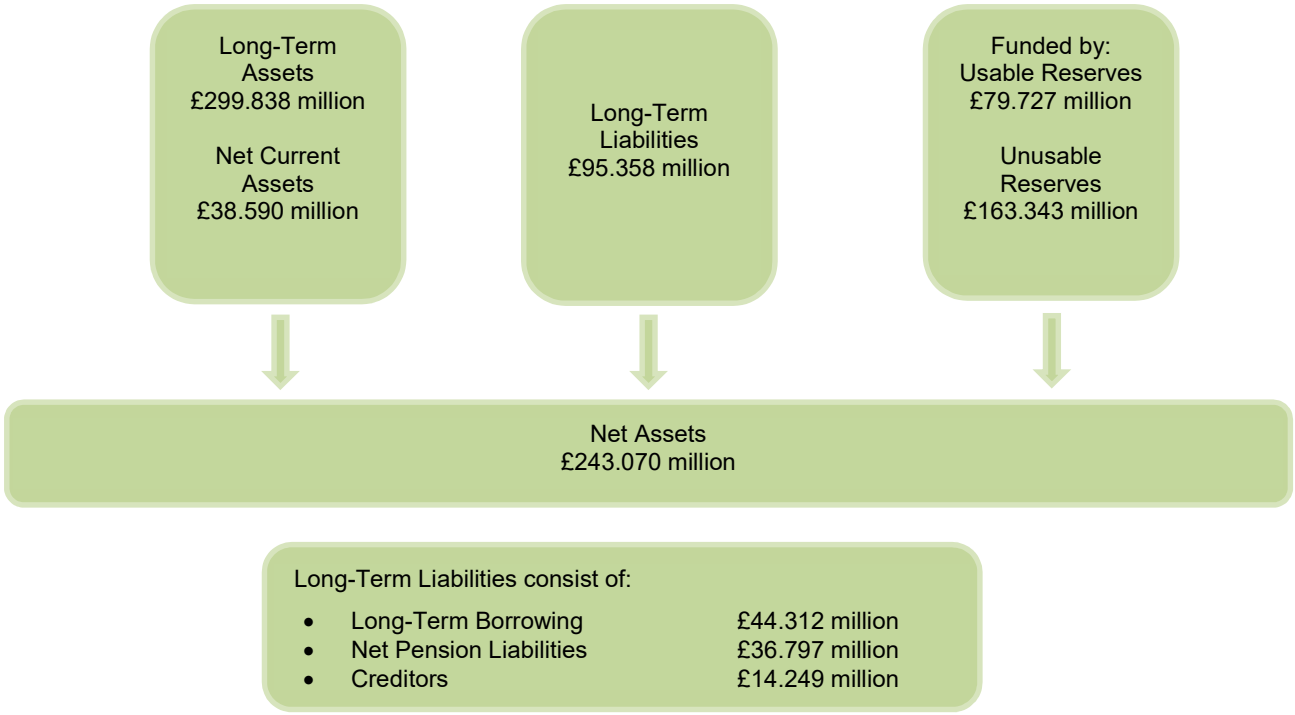
Provisions and contingencies

Wealden has made an appeals provision for business rate income. At the 31st March 2021 a provision of £2.320 million provision has been made for repayment of outstanding business rates appeals (£2.468 million in at 31 March 2020). A further provision of £0.156 million has been recognised in 2020/21 for outstanding planning appeal costs, in addition to a provision for rent liabilities in the Housing Revenue Account for £0.266 million.

Other commitments and contingencies outstanding at 31 March 2021 include £1.937 million in respect of contractual obligations for capital projects scheduled from next year.

Net assets

The Council has maintained a strong year-end Balance Sheet with useable reserves increasing by £17.081 million. Sufficient funding is in place to repay both long and short term liabilities as these fall due.



Group accounts

Group accounts provide an overview of organisations subject to Council control and/ or significant influence. From 2019/20 the Council consolidated Sussex Weald Homes Limited to produce group accounts. The company is a housing development vehicle for the Council and is structured as a private company limited by shares. The Council holds 3,429,220 Ordinary shares of £1 in the company. The Council has dominant control of the company by virtue of being 100% shareholder.

Capital spending

The Council has a five year capital investment programme totalling £94million (includes £66 million for the HRA), which will deliver:

- New units of affordable housing;
- Maintaining social housing to a decent standard;
- Disabled adaptations required in homes;
- Infrastructure investment to ensure the continued success of Wealden District as a business, leisure and heritage destination;
- Further investment in Sussex Weald Homes Limited, information technology and refuse & recycling; and
- Improved community and leisure facilities.

This expenditure is financed from a combination of capital receipts, grant funding and the Council's own financial resources. The table below shows how capital expenditure was funded in 2020/21:

Capital expenditure	£m	Financed by	£m
General Fund	2.2	Capital receipts	(3.3)
Housing Revenue Account	14.8	Major repairs reserve	(3.5)
		Grants and contributions	(1.4)
		Borrowing	(3.8)
		Council resources	(5.0)
Total	**17.0**		**(17.0)**

Borrowing

The Council borrowed money to fund capital expenditure to improve the services provided to its residents and visitors. Before the Council borrows it ensures that it can afford to repay back the money plus interest over the period of the loan. There has been no requirement to take out new external borrowing during the year, with the £3.8 million borrowing in the table above being 'internal' borrowing from the Council's own cash resources. The Council's external borrowing at 31 March 2021 was £46.645 million (£48.928 million 31 March 2020). All the external borrowing relates to the Housing Revenue Account.

7. Who works for the Council

Wealden employs approximately 402 staff in full-time and part-time positions. This workforce reflects the diversity of the residents of the District.

The Council's 4 Business Administration Apprentices from 2020/21 have been appointed to temporary and permanent roles within the Council. In addition, 4 members of staff are pursuing apprenticeship qualifications up to degree level. From April 2017, the Council has paid an apprenticeship levy at 0.5% of the Council's total pay bill. This money is used to pay for apprenticeship training and to implement an approved apprenticeship standard for both new recruits and existing employees.

This wider scope allows the Council to focus on areas of skill shortage and future skills growth areas, as well as mitigate risks in services where a number of specialists may soon be reaching retirement age. Internal apprenticeships will be a key enabler of our investment in existing staff and talent development, alongside existing various service specific training modules.

Staff turnover was 4.5% in 2020/21 compared to 9% in 2019/20.

8. Strategic risks for up-coming year

The Council has a risk management strategy is in place to identify and evaluate risk. There are clearly defined steps to support better decision making through the understanding of risk, whether a positive opportunity or threat and the likely impact. The risk management processes are subject to regular review and updating. The key risks for the forthcoming year include:

Risk	Impact	Mitigation
Continuation of the Covid-19 pandemic, or other pandemics	The coronavirus pandemic has had a profound impact on all aspects of life in Wealden. Anticipated impacts include increased need for employment services, homelessness prevention, and business support services Loss of essential services / utilities/ suppliers Demand from partner organisations to provide staff and other resources to support their response Loss of income from fees and charges, council tax and business rates	A specific coronavirus risk log was created and is constantly updated at weekly senior leadership team meetings. A document which sets out the Council's steps to recovery has been created Disease outbreak is included within the Council's risk assessment and an emergency plan An emergency fund reserve is held by the Council for unforeseen circumstances as well as an income risk fund, for unexpected income losses The Council also holds a prudent general fund balance for unexpected events
Impact of Exiting the EU on Council services and local communities	Potential impact on business rates income, investment returns and the tourist economy	There are a series of business continuity plans and contingencies in place to provide assurance and minimise any potential disruption
Financial pressures result in an inability to fund Council services, including the uncertainty surrounding the future of local government funding	Impact of financial pressures will be most felt on frontline services where the Council has less discretion over the timing and nature of service to be provided but where local demand for those services is volatile and increasing rapidly but difficult to predict and manage effectively within a finite budget	Budgets and financial strategies are regularly updated to take account of current and emerging financial pressures. The Council maintains adequate levels of reserves to cover unforeseen events Modelling of impact of grant settlement scenarios and function and funding changes Working to develop a self-financing Council

Risk	Impact	Mitigation
Loss of IT systems or data	There is the potential of a substantial fine from Information Commissioner, adverse publicity and reputational damage	Laptops are configured to prevent download of data to local storage devices unless encrypted. They are protected with encryption deletion software. The Council's network firewall and security systems are tested regularly Confidential waste is placed in locked bins and shredded General Data Protection Regulations (''GDPR'') training is part of staff induction and training
Severe Weather causing major incident (includes flood, wind, snow, drought and heat)	Disruption to Council services as staff diverted to response Additional costs associated with the response as well as possible additional costs of support to vulnerable service users Service changes may be required if long recovery phase Possible disruption to some services through water restrictions	Climate emergency action plan being developed as well as creating a reserve for climate change initiatives The business continuity plan includes a severe weather section, and our Emergency Plan includes specific response plans to flooding etc. There are service plans for supporting our residents in sheltered dwellings
Failure of a major contract results in the Council being unable to provide local services	Disruption to Council services Potential demand on partner organisations to provide staff and other resources to support our response Major media engagement and potential reputational damage Damage to relations with outsourcing partner and potential damages claim	Financial assessment of viability as part of the procurement process for contract Project management approach with prioritised resources

9. Partners and Community

In line with the values from the Corporate Plan to "deliver more by working with partners", the Council continues to work with those partners, as well as service users and our communities, to protect and deliver services in new ways:

- *Parish and Town Councils* - have been proactive in identifying services important to their local communities and working with the District Council and other bodies on local priorities.
- *Wealden Strategic Partnership* - is a non-statutory, multi-agency body, which matches Wealden District Council boundaries, and brings together the different parts of the public, private, community & voluntary, and special interest sectors to work to help improve the life of the residents of Wealden.
- *Safer Wealden Partnership* - brings together a number of agencies from the public, private, education and voluntary sector to improve people's lives in the area by working together to reduce the levels of crime and anti-social behaviour and to manage the fear of crime.
- *East Sussex Strategic Partnership* - brings together different parts of our local community – public services, local businesses, community groups, voluntary sector organisations and local people. The Partnership helps organisations and individuals work together in a co-ordinated way to plan local services, tackle the issues that matter to local people and improve quality of life in East Sussex.

10. Explanation of the Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2021. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, which in turn is underpinned by International Financial Reporting Standards (''IFRS'').

The **Primary Financial Statements** are:

- **Comprehensive Income and Expenditure Statement** - this records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by the organisational structure under which the Council operates. The bottom half of the statement deals with corporate transactions and funding.
- **Movement in Reserves Statement** - is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or revenue service improvements, and "unusable" which must be set aside for specific legal or accounting requirements.
- **Balance Sheet** - is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.
- **Cash Flow Statement** - shows the reason for changes in the Council's cash and cash equivalent balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The **Group Accounts** include:

- The assets and liabilities of companies and similar entities, which the Council either controls or significantly influences.

The **Supplementary Financial Statements** are:

- **Housing Revenue Account** - this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989. It shows the in-year economic cost of providing housing services.
- **Movement on the Housing Revenue Account Statement** - is a summary of the changes to the Council's Housing Revenue Account reserves over the course of the year.

- **Collection Fund** - summarises the collection and redistribution of Council tax and business rates income.

The **Notes** to these financial statements provide further detail about the Council's accounting policies and individual transactions.

A **Glossary** of key terms can be found at the end of this publication.

11. Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from the Finance team and other services, who have assisted in the preparation of this document.

Laurence Woolven

Head of Financial Services

Independent auditor's report to the members of Wealden District Council (the 'Authority') and its subsidiary (the 'group')

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Wealden District Council (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2021, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet and the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

In auditing the financial statements, we have concluded that the Head of Finance 's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

Responsibilities of the Authority, the Head of Finance and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance. The Head of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Head of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003.
- We enquired of senior officers and the Audit, Finance and Governance Committee, concerning the group and Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and

- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of senior officers, internal audit and the Audit, Finance and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of: fraudulent revenue and expenditure recognition; management override of controls and the risk of management bias in accounting estimates. We determined the principal risks were in relation to journal entries we considered to be high risk and management bias in the calculation of significant estimates subject to a high level of estimation uncertainty and sensitivity to small changes in assumptions.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Head of Finance has in place to prevent and detect fraud;
  - journal entry testing, with a focus with a focus on large and unusual and high risk journals, particularly manual journals, made during the year and the accounts production stage;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pensions liability valuations;
  - testing income and expenditure recognition and debtors and creditors;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The audit team discussed the risk of the group's and Authority's potential non-compliance with relevant laws and regulations, the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority and group including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA, LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

– The Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

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

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

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

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

Responsibilities of the Authority

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

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

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

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

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

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

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

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

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

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

Use of our report

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

Signature: Darren Wells

Darren Wells, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 11 April 2022

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 Council, that officer is the Chief Finance Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the statement of accounts.

The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the Council'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 Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance 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 Finance Officer's Certificate

I certify that the accounts give a true and fair view of the financial position of Wealden District Council at 31 March 2021 and its income and expenditure for the year then ended.



Laurence Woolven **Date: 7 April 2022**
Head of Finance

Approval of the Statement of Accounts

The accounts were approved by the Audit, Finance and Governance Committee of Wealden District Council at its meeting on 19 January 2022 via delegated authority.



Councillor Neil Waller
Chair of Audit, Finance and Governance Committee **Date: 7 April 2022**

Note 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis is a note to the financial statements that shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement on the next page. The adjustments between funding and accounting basis shown below are analysed in Note 8.

2019/20				2020/21		
Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund & HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
339	0	339	Members	317	0	317
4,756	1,681	6,437	Chief Executive's Directorate	4,678	1,035	5,713
7,719	1,968	9,687	Directorate of Community & Customer Services	9,272	2,763	12,035
3,330	1,327	4,657	Directorate of Planning, Policy & Environmental Services	1,428	1,404	2,832
790	(951)	(161)	Central Costs	754	(930)	(176)
(8,185)	14,665	6,480	Housing Revenue Account (HRA)	(8,836)	9,155	319
8,749	**18,690**	**27,439**	**Net Cost of Services**	**7,613**	**13,427**	**21,040**
(9,973)	(16,632)	(26,605)	Other Income and Expenditure	(20,815)	(9,678)	(30,493)
(1,224)	**2,058**	**834**	**(Surplus)/Deficit on the Provision of Services**	**(13,202)**	**3,749**	**(9,453)**
(35,446)			Opening General Fund and HRA Balance, and Earmarked Reserves	(36,670)		
(1,224)			Plus (Surplus)/Deficit on General Fund and HRA, and increase in Earmarked Reserves for the year	(13,202)		
(36,670)			Closing General Fund and HRA Balance, and Earmarked Reserves at 31 March	**(49,872)**		
Analysis of General Fund and HRA Balances, and Earmarked Reserves						
(7,182)			General Fund Balance	(4,482)		
(5,034)			HRA Balance	(4,778)		
(24,454)			GF and HRA Earmarked Reserves Balances	(40,612)		
(36,670)				**(49,872)**		

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement ("CIES") shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both Note 1 Expenditure and Funding Analysis, and the Movement in Reserves Statement.

2019/20				2020/21		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
342	(3)	339	Members	317		317
8,072	(1,635)	6,437	Chief Executive's Directorate	34,660	(28,947)	5,713
40,630	(30,943)	9,687	Directorate of Community & Customer Services	18,054	(6,019)	12,035
8,275	(3,618)	4,657	Directorate of Planning, Policy & Environmental Services	8,597	(5,765)	2,832
(161)	0	(161)	Central Costs	(176)		(176)
21,719	(15,239)	6,480	Housing Revenue Account	15,591	(15,272)	319
78,877	**(51,438)**	**27,439**	**Cost of Services**	**77,043**	**(56,003)**	**21,040**

Comprehensive Income and Expenditure Statement (Continued)

2019/20 Net Expenditure £000		Notes	2020/21 Net Expenditure £000
5,790	Other operating expenditure	[12]	6,106
3,033	Financing and investment income and expenditure	[13]	(1,222)
(35,428)	Taxation and non-specific grant income and expenditure	[14]	(35,377)
834	**(Surplus)/Deficit on the Provision of Services**		**(9,453)**
	Items that will not be reclassified to the (Surplus)/Deficit on Provision of Services		
(1,281)	(Surplus)/Deficit on revaluation of non-current assets	[22a]	(3,712)
(6,834)	Remeasurement of the net defined benefit liability	[34]	5,527
(8,115)	**Other Comprehensive Income and Expenditure**		**1,815**
(7,281)	**Total Comprehensive Income and Expenditure**		**(7,638)**

Note:
1. The 2019/20 and 2020/21 cost of services are not comparable because there was a service head level management restructure that occurred in 2020/21
2. Material Items of Income and Expense are shown in note 6.

Movement in Reserves Statement

The Movement in Reserves Statement ("MIRS") shows the movement from the start to the end of 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 other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments, prior to any discretionary transfers to earmarked reserves undertaken by the Council.

Movement in Reserves during 2020/21	Non-Earmarked General Fund Reserves £000	Earmarked General Fund & HRA Reserves £000	General Fund Balance - Total £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves (note 22) £000	Total Council Reserves £000
Balance at 1 April 2020	**(7,182)**	**(24,454)**	**(31,636)**	**(5,034)**	**(8,274)**	**(942)**	**(16,760)**	**(62,646)**	**(172,786)**	**(235,432)**
Total Comprehensive Income and Expenditure	(10,883)	0	(10,883)	1,430	0	0	0	(9,453)	1,815	(7,638)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(2,583)	0	(2,583)	(1,166)	643	30	(4,552)	(7,628)	7,628	0
Net (increase) / decrease before transfers to Earmarked Reserves	**(13,466)**	**0**	**(13,466)**	**264**	**643**	**30**	**(4,552)**	**(17,081)**	**9,443**	**(7,638)**
Transfers to / (from) Earmarked Reserves (Note 10)	16,166	(16,158)	8	(8)	0	0	0	0	0	0
(Increase) / Decrease in 2020/21	**2,700**	**(16,158)**	**(13,458)**	**256**	**643**	**30**	**(4,552)**	**(17,081)**	**9,443**	**(7,638)**
Balance at 31 March 2021	**(4,482)**	**(40,612)**	**(45,094)**	**(4,778)**	**(7,631)**	**(912)**	**(21,312)**	**(79,727)**	**(163,343)**	**(243,070)**

Movement in Reserves during 2019/20	Non-Earmarked General Fund Reserves £000	Earmarked General Fund & HRA Reserves £000	General Fund Balance - Total	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves (note 22) £000	Total Council Reserves £000
Balance at 1 April 2019	**(6,961)**	**(23,137)**	**(30,098)**	**(5,348)**	**(6,568)**	**(780)**	**(9,521)**	**(52,315)**	**(175,836)**	**(228,151)**
Total Comprehensive Income and Expenditure	(6,572)	0	(6,572)	7,406	0	0	0	834	(8,115)	(7,281)
Adjustments between accounting basis and funding basis under regulations (Note 9)	5,065	0	5,065	(7,123)	(1,706)	(162)	(7,239)	(11,165)	11,165	0
Net (increase) / decrease before transfers to Earmarked Reserves	**(1,507)**	**0**	**(1,507)**	**283**	**(1,706)**	**(162)**	**(7,239)**	**(10,331)**	**3,050**	**(7,281)**
Transfers to / (from) Earmarked Reserves (Note 10)	1,286	(1,317)	(31)	31	0	0	0	0	0	0
(Increase) / Decrease in 2019/20	**(221)**	**(1,317)**	**(1,538)**	**314**	**(1,706)**	**(162)**	**(7,239)**	**(10,331)**	**3,050**	**(7,281)**
Balance at 31 March 2020	**(7,182)**	**(24,454)**	**(31,636)**	**(5,034)**	**(8,274)**	**(942)**	**(16,760)**	**(62,646)**	**(172,786)**	**(235,432)**

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. Reserves are reported in two categories. The first category of reserves are 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 is those reserves that cannot be used to provide services. This category includes reserves used to hold unrealised gains and losses (e.g. Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020 £000		Notes	31 March 2021 £000
275,208	Property Plant and Equipment	[15]	281,883
734	Heritage Assets	[15]	809
181	Intangible Assets		98
1,883	Investment Property	[16]	2,406
12,048	Long-term Investments	[17]	14,542
117	Long-term Debtors	[18]	100
290,171	**Long-term Assets**		**299,838**
19	Assets Held for Sale		
8,065	Short-term Investments	[17]	13,040
1	Inventories		1
4,498	Short-term Debtors - Loan to subsidiary	[18]	0
9,321	Short-term Debtors - Other	[18]	20,434
38,631	Cash and Cash Equivalents	[17]	44,600
60,535	**Current Assets**		**78,075**
(5,092)	Short-term Creditors - Central Government	[19]	(22,002)
(15,857)	Short-term Creditors - Other	[19]	(12,408)
(2,334)	Short-term Borrowing	[17]	(2,333)
(2,524)	Provisions	[20]	(2,742)
(25,807)	**Current Liabilities**		**(39,485)**
(14,342)	Long-term Creditors	[19]	(14,249)
(46,594)	Long-term Borrowing	[17]	(44,312)
(28,531)	Net Pensions Liabilities	[34]	(36,797)
(89,467)	**Long-term Liabilities**		**(95,358)**
235,432	**Net Assets**		**243,070**
(62,646)	Usable Reserves	[21]	(79,727)
(172,786)	Unusable Reserves	[22]	(163,343)
(235,432)	**Total Reserves**		**(243,070)**

These financial statements replace the unaudited financial statements confirmed by the Head of Finance on 7 April 2022

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. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. 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.

2019/20 £000		Notes	2020/21 £000
(834)	Net surplus/(deficit) on the provision of services		9,453
23,084	Adjustments to the net surplus/(deficit) on the provision of services for non-cash movements	[23]	23,747
(10,985)	Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	[23]	(8,930)
11,265	**Net cash flows from Operating Activities**		**24,270**
2,643	Net cash flows from Investing Activities	[24]	(6,064)
4,992	Net cash flows from Financing Activities	[25]	(12,237)
18,900	**Net increase/(decrease) in cash and cash equivalents**		**5,969**
19,731	Cash and cash equivalents at the beginning of the reporting period		38,631
38,631	Cash and cash equivalents at the end of the reporting period		**44,600**

Components of Cash and Cash Equivalents

The balance of cash and cash equivalents comprises the following elements:

31 March 2020 £000		31 March 2021 £000
12,546	Bank current accounts	6,548
26,085	Short term deposits	38,052
38,631	**Total Cash and Cash Equivalents**	**44,600**

2. Accounting Policies 2020-21

i. General principles

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

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

ii. Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest 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 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 provided the amount exceeds £1,000. 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.
- Housing rents income is billed weekly and is receivable over 48 weeks in the year. No adjustments are made to account for income in respect of part weeks at the beginning or end of the financial year.
- Housing benefits expenditure is payable on a weekly basis throughout the year. No adjustments are made to account for payments in respect of part weeks at the beginning or end of the financial year.

iii. Council tax and non domestic rates

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

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

Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, 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 ("CIES"). The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Accounting for council tax:

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the major preceptors. The amount credited to the General Fund under statute is the Council's demand for the year plus or minus the Council's share of the surplus or deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to Council Tax shall be measured at the full amount receivable (net of any impairment losses) as the transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from Council Tax payers belongs proportionately to the Council and the major preceptors. The difference between the amounts collected on behalf of the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for non domestic rates:

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the precepting authorities and the Government. The amount credited to the General Fund under statute is the Council's share of NDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NDR income included in the CIES is the Council's share of the Collection Fund's accrued income for the year and is as set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from NDR payers belongs proportionately to the Council, the precepting authorities and Government. The difference between the amounts collected on behalf of the precepting authorities and Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

iv. 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.

v. Prior period adjustments, changes in accounting policies and estimates and errors

Prior year 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 year and future years affected by the change and do not give rise to a prior year 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. When a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

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

vi. Charges to revenue for non current assets

Services and support services 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; and
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation 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.

The dwellings and non-dwellings depreciation for the Housing Revenue Account is a real charge to the Housing Revenue Account Income and Expenditure Statement.

vii. Employee benefits

Benefits payable during employment:

Short-term employee benefits (i.e. benefits due to be settled wholly within 12 months of the year-end), such as wages and salaries, paid annual leave, paid sick leave, and expenses for current employees are paid monthly and recognised in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi-leave earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the appropriate service segment in the CIES, but then reversed out through the movement in reserves statement so that 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 normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to the central costs segment in the CIES 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 Pensions Reserve to remove 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 the Local Government Pensions Scheme, administered by East Sussex County Council. The Local Government Pensions Scheme is accounted for as a defined benefits scheme:

- The liabilities of the East Sussex pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond (iBoxx Sterling Corporates AA Over 15 years Index).
- The assets of the East Sussex pension fund attributable to the Council 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 appropriate service segment in the CIES 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 central costs segment in the CIES; and

      - *Net interest on the net defined benefit liability:* i.e. net interest expense for the Council, the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

    - Re-measurements comprising:

      - *The return on plan assets* : excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and

      - *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 Pensions reserve as Other Comprehensive Income and Expenditure.

    - *Contributions paid to the East Sussex 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 pensions fund or directly to pensioners in the year, not the amount calculated according to relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove 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 are earned by employees.

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

viii. Events after the reporting period

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

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

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

ix. Financial instruments

Financial liabilities:

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the 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 CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial assets:

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

- Amortised Cost;
- Fair Value through Profit or Loss ("FVPL"); and
- Fair Value through Other Comprehensive Income ("FVOCI").

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as either:

- *Amortised cost*: financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (e.g. debtors, loans to other local authorities); or
- *FVPL:* financial assets whose contractual cash flow characteristics do not resemble a basic lending agreement because the cash flows don't arise on specified dates or comprise solely payments of principal and interest (e.g. The Council's investments in strategic pooled funds)

Financial assets measured at amortised cost:

Financial assets at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the 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 CIES 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 CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Expected credit loss model:

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to the Council's lease receivables. Only lifetime losses are recognised for the Council's trade receivables (i.e. debtors). Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at FVPL:

Financial assets that are measured at FVPL 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. Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services as they arise.

The fair value measurements of these financial assets are based on the following techniques:

- Instruments with quoted market prices - the market price; and
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

Inputs to fair value measurement techniques are categorised in accordance with the following three levels:

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

Any gains or losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

x. 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 Council 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 CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using 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 appropriate service segment (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure line (non-ring fenced revenue grants and all capital grants), in the CIES.

Where capital grants are credited to the CIES 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 Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community infrastructure levy:

The Council has elected to charge a Community Infrastructure Levy ("CIL"). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. In accordance with government regulations, a meaningful proportion of the CIL collected is passed to Town and Parish Councils where the development takes place.

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

xi. Section 106 contributions

The Council receives contributions from land owners and developers under Section 106 of the Town and Country Planning Act 1990. The contributions are negotiated as part of a condition of planning consent to contribute to the costs of infrastructure and services such as community facilities, public open space, transport improvements and affordable housing. Wealden District Council receives these contributions on behalf of the County Council in most cases, and sometimes the Highways England and Parish Councils.

The terms of the agreements require the Council to hold the monies in an interest bearing account until the relevant conditions have been met and then the contributions can be paid over to the County Council or other relevant party. If any of the contributions remain unpaid after ten years, these must be refunded to the owner of the land. Consequently, Wealden District Council acts as a 'distribution point' for the Section 106 contributions and is the agent in this arrangement. Therefore, the transactions are not reflected in the Council's financial statements except for the creditor position in respect of the cash collected by Wealden on behalf of the other parties, which is included in the Balance Sheet, and the net cash position which is included in financing activities in the Cash Flow Statement.

xii. Interests in companies and other entities

The Council has a material interest in a subsidiary company that requires the Council to prepare group accounts. In the Council's own single-entity financial statements, the interest in the company is recorded as a financial asset at cost, less provision for losses.

xiii. Investment property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. 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 and Expenditure 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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Joint operations

Joint arrangements are those in which the Council participates with one or more other parties, bound by a contractual arrangement and over which the parties share control. In a joint operation, the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement and the parties are called the joint operators.

Should the Council have an interest in a joint operation, the Council will recognise its assets, its liabilities, its revenue and its expenses, including its share of these transactions and balances held/incurred jointly.

xv. 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.

Operating Leases

Operating leases - the Council as lessor:

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 Surplus or Deficit on Provision of Services in the CIES. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Operating leases - the Council as lessee:

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

xvi. Overheads and support services

The costs of overheads and support services are charged to service segments or, where applicable, to the central costs segment in the CIES in accordance with the Council's arrangements for accountability and financial performance.

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

Measurement:

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

- *Assets under construction* - historical cost.
- *Community Assets* - historical cost.
- *Dwellings* - current value, determined using the basis of existing use value for social housing ("EUV-SH").
- *Surplus assets* - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- *All other assets* - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - "EUV").

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

Where assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value following the materiality concept.

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. 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 an insufficient balance, the carrying amount of the asset is written down against the appropriate service segment in the CIES.

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

Impairment:

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the appropriate service segment in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the appropriate service segment in the CIES, 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 systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and some community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight line allocation over the useful life of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. The useful life of vehicles, plant and equipment is generally between 3 and 7 years.

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

Depreciation is not permitted to have an impact on the general fund Balance (with the exception of Council dwelling and non-dwelling depreciation). The depreciation is therefore reversed out of the general fund balance in the movement in reserves statement and posted to the capital adjustment account.

Housing Revenue Account dwelling and non-dwelling depreciation is a real charge and impacts the Housing Revenue Account balance. The impact is reflected in the Movement in Reserves Statement including entries in the Major Repairs Reserve and Capital Adjustment Account.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on an asset 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.

Depreciation is charged from the month of recognition until the month of disposal / derecognition.

Disposals and non-current asset held for sale:

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

Assets that are 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 CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xviii. Fair value measurement of non-current assets

The Council's accounting policy for fair value measurement of financial assets is set out in note ix. The Council measures some of its non-financial assets such as surplus assets and investment properties 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 market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- 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 Council 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 it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed are categorised within the fair value hierarchy, as follows:

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 Inputs: Other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for the asset or liability.

All of the non-financial asset fair value measurements and disclosures in the Council's financial statements are categorised as Level 2 on the fair value hierarchy.

xix. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by 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 payment of compensation.

Provisions are charged as an expense to the appropriate service segment in the CIES 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 segment.

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 segment if it is virtually certain that reimbursement will be received if the Council settles the obligation.

xx. 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 segment in the year to score against the surplus or deficit on the provision of services in the CIES. 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 (and rents in respect of the housing revenue account) for the expenditure.

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

xxi. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service segment in the CIES in the year. Where the Council has determined to meet the cost of 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.

xxii. 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.

The above accounting policies do not include non-material transactions/balances i.e. intangible assets and inventories.

xxiii. Council acting as agent

Where the Council is acting as an agent (i.e. in respect of a number of Covid grants) the transactions will be accounted for on the Balance Sheet, with a debtor or creditor shown at the year end and as cash inflows and outflows in the Cash Flow Statement.

In respect of Covid grants the Council is acting as an agent where:

It will not be in control of Government funding where it is responsible only for distributing amounts to beneficiaries in accordance with rules specified by the funder, so that the recipients and the amounts they receive would be no different if the Government had distributed the funding itself.

3. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code") requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2020/21 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2021/22 Code are:

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

These changes for 2021/22 are not anticipated to have a material impact on the Council's financial performance or financial position.

IFRS 16 Leases is not included in the above list of accounting changes because CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2022. The changes to be introduced by IFRS 16 will mean that operating leases where the Council is lessor, will be reflected in the Balance Sheet based on the concept of 'right of use'. Whilst work is currently underway to access the impact on the Council, at the current time the impact is not known.

4. Critical Judgements In Applying Accounting Policies

In applying the accounting polices set out in Note 2, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are as follows:

Impairment of non-current assets:
There is a high degree of uncertainty about future levels of funding for local government. The Council has assessed the impact of the Covid pandemic on the collectability of its income outstanding as at 31 March 2021, and made additional impairments where considered necessary.

Joint Waste and Recycling Contract:
A joint waste committee ("JWC") conducted business in relation to and provided oversight of the joint waste contract with Biffa, between Eastbourne Borough Council (''EBC''), Hastings Borough Council (''HBC''), Lewes District Council (''LDC''), Rother District Council (''RDC'') and the Council. Due to the cessation of the Kier contract in 2019-20 (replaced by Biffa), the JWC ceased. A joint waste and recycling committee ("JWRC") was constituted in 2017 to run concurrently alongside the JWC but with a specific remit of facilitating the authorities in working together to improve the quality and effectiveness of the discharge of the waste collection functions under the relevant provisions of the Environmental Protection Act 1990. The JWRC also facilitates the authorities to work in partnership with East Sussex County Council ("ESCC") as the Waste Disposal Authority to maximise integration opportunities. The members of the JWRC being the Council, RDC, HBC and East Sussex County Council.

The detailed management arrangements exercised through the former JWC and current JWRC for the joint waste and recycling contract have been assessed against IFRS11 Joint Arrangements. This assessment has concluded that the former JWC and current JWRC are not classified and accounted for as either a joint venture or joint operation. Consequently the Council's share of the expenses of the former JWC and current JWRC have been accounted for in the relevant segment in the Comprehensive Income and Expenditure Statement.

Sussex Weald Homes Limited:
- Group accounts - The Council has interests in Sussex Weald Homes Limited that falls within the group boundary of the Council on the grounds of control in line with the Code. The Council's interest in Sussex Weald Homes Limited, a wholly-owned housing company, are material to the Council's overall financial position and therefore have been consolidated within the Council's group accounts. As at 31 March 2021, the Council owns shares of £3.429 million, and the £4.550 million loan to the Company has been fully repaid in 2020/21.

- Classification and valuation of property construction costs - The company classified the construction costs of properties as inventories. Upon consolidation into the Council's group accounts the properties that are to be sold by the company to the public remained as inventories in line with the Code definition of inventories i.e. "assets in the process of production for sale or distribution". The properties to be sold to the Council or rented out (by either the Council or the Company) meet the Code's definition of Property Plant and Equipment i.e. "held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period", and have therefore been reclassified as Assets Under Construction (as these properties had not been completed) which is a sub-category of Property, Plant and Equipment. Both inventories and Assets Under Construction are held at cost therefore did not require revaluation on reclassification.

5. 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 using 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 Council's Balance Sheet at 31 March 2021 for which there is significant estimation uncertainty that could result in a material adjustment within the forthcoming financial year are as follows:

Item	Uncertainties	Consequences if actual results differ from assumptions
Property, Plant & Equipment	Other Land and Buildings: Asset valuations are based on market prices (i.e. existing use values) and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31 March 2021 for 100% of the operational portfolio (see note 15), based on a combination of physical inspection of assets and remote desk-top exercise. The ongoing pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. As at 31 March 2021 property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the property, plant and equipment valuations are not being reported as being subject to material valuation uncertainty, except for car parks and commercial property.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Revaluation Reserve and /or Comprehensive Income and Expenditure Statement of approximately £5.04 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.

Item	Uncertainties	Consequences if actual results differ from assumptions
	The valuation in respect of these asset categories as at 31 March 2021 are £7.1 million and £9.3 million, respectively. These valuations are reported as being subject to 'material valuation uncertainty'. Consequently, in respect of these valuations less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. This is because we continue to be faced with an unprecedented set of circumstances caused by COVID 19 and an absence of relevant/sufficient market evidence on which to base our judgements.	An increase in estimated valuations would result in increases to the Revaluation Reserve, and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement, and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Any such gains to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.
	Council Dwellings: The HRA residential portfolio is valued by the Council's external valuers based on a beacon methodology according to their EUV-SH. In order to value the whole portfolio, it was necessary to research a number of information sources. These include sales of directly comparable property, changes of income flow for non-residential property, information available at a local level showing house price movement plus regional and National Indices.	A reduction in the estimate value of HRA dwellings would be a reduction in the Revaluation Reserve or a loss in the Comprehensive Income and Expenditure Statement. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £22 million. Any such charges to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on HRA Balances.
	The ongoing pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at 31 March 2021 property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the housing dwellings valuations are not being reported as being subject to material valuation uncertainty	An increase in estimated valuations would result in increases to the Revaluation Reserve, and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement, and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Any such gains to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on HRA Balances.

Item	Uncertainties	Consequences if actual results differ from assumptions
Investment Property	The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property.	Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date. An increase or decrease in estimated valuations would result in gains or losses being recorded in the Comprehensive Income and Expenditure Statement. Any such gains or losses would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.
	The ongoing pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. As a consequence the investment property valuation as at 31 March 2021 of £2.4 million is reported as being subject to 'material valuation uncertainty'. Consequently, in respect of this valuation less certainty and a higher degree of caution should be attached to the valuation than would normally be the case. This is because we continue to be faced with an unprecedented set of circumstances caused by COVID 19 and an absence of relevant/sufficient market evidence on which to base our judgements.	If the value of the Council's Investment Property were to reduce by 10%, this would result in a loss of approximately £0.241 million.

Item	Uncertainties	Consequences if actual results differ from assumptions
Pensions Liability	At 31 March 2021 the Council had a pensions liability of £36.797 million. 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 investments. The firm of actuaries Barnett Waddingham LLP is engaged to provide the Council with expert advice about assumptions to be applied. There are risks and uncertainties associated with whatever assumptions are adopted. The Accounting Standard requires the assumptions to be determined on a 'best estimate' basis. However, the assumptions are in effect projections of future investment returns and demographic experience many years into the future and there is inevitably a great deal of uncertainty inherent in what constitutes 'best estimate' with such projections. For the purpose of the net pension liability, Barnett Waddingham LLP have had regard to the impact of mortality rates as a result of the Covid Pandemic. Barnett Waddingham LLP's view is that placing too much weight on the 2020 mortality experience would not be appropriate given the abnormality of the 2020 data; however, the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore they have updated to use the CMI_2020 Model with a 2020 weight parameter of 25%. At the last accounting date (31 March 2020), the CMI_2018 Model was adopted.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.01% increase in the discount rate will reduce the net pension liability by £3.319 million; 0.1% increase in the assumed level of pension increases will increase the net pension liability by £3.143 million, a 0.1% increase in the salaries will increase the net pension liability by £0.208 million, and a 0.1% increase of one year in longevity will increase the net pension liability by £9.533 million.

Item	Uncertainties	Consequences 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 and mortality rates. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the Council with expert advice about the assumptions to be applied.	
Impairment Allowance for Doubtful Debts	At 31 March 2021 the Council had a balance of debtors comprising other entities & individuals of £9.430 million. Against this debtors' balance, there is an impairment allowance of £2.785 million. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not. The economic impact of the Covid-19 pandemic has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered , and calculations have been updated to reflect the potential uncertainty of the collection rates as a result of Covid-19.

Item	Uncertainties	Consequences if actual results differ from assumptions
Non-domestic Rates Provision for Outstanding Appeals	In a normal year, the Council collects approximately net £32.2 million in business rates (and retained 40% in 2020/21). In 2020/21 due to the additional reliefs granted to business by central government, net rates collected were £17.5m, with s31 grants provided for the additional reliefs. Since 1 April 2013, local authorities have been liable for successful appeals against business rates charged to businesses in their proportionate share. The assumptions around the outcome of appeals against the NNDR valuations (either received to date or expected in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from the experience with both the 2005 and 2010 lists as well as appeals determinations so far made against the 2017 list, and success rates for settled appeals provided by the Valuation Office Agency. A total provision for the Collection Fund of £5.8 million has been recognised as the best estimate of the amount that may be required to be repaid to businesses that have been overcharged up to 31 March 2021, of which the Council's share is £2.3 million.	The amount of the provision is uncertain as it is dependent on numerous factors including the likelihood of businesses lodging an appeal, the outcome of appeal cases, whether appeals will result in any change to the rateable value and the amount by which the rateable value is changed if successful. If the provision required is 5% greater than estimated, an increase of £0.290 million would be required to the total Collection Fund Provision; of which, the Council's attributable share would be £0.116 million.

6. Material Items of Income and Expense

The table below shows the material items (i.e. £1.5 million or greater) of income and Expenses reflected in the Council's Surplus/Deficit on Provision of Services within the Comprehensive Income and Expenditure Statement.

2019/20 £000	Description	2020/21 £000	CIES Segment
	Covid Grant Payments (Service related) Expenditure	4,001	Chief Executives
	Covid Grant (Service related) Income*	(4,062)	
1,626	Revenue Expenditure Funded from Capital Under Statute ("REFCUS")		Community & Customer Services
	Gain/Loss On Revaluation of Non-Current Assets	2,256	
3,997	Refuse & Recycle Contract	4,869	
	Ref Recycle & Garden Waste Cont	(1,615)	
23,813	Housing Benefit Payments	22,201	
(24,298)	Housing Benefit Subsidy	(22,613)	
	Fees and Charges	(2,702)	Planning, Policy and Environmental Services
5,308	Depreciation of Non-Current Assets	3,483	Housing Revenue Account
9,023	Gain/Loss On Revaluation of Non-Current Assets	5,306	
(13,615)	Rental Income from HRA Dwellings	(13,472)	
3,095	Housing Revenue Account (HRA) Repairs	1,789	
1,640	Non-Current Asset Written Off on Disposal	1,610	Corporate Items
(2,847)	Capital Receipts Received for Disposal of Assets	(2,916)	
6,552	Parish Precepts	6,991	
1,660	Interest Paid On Long Term Loans	1,614	
4,104	Interest On Pensions Liability	3,265	
(3,297)	Return On Pension Fund Assets	(2,501)	
	Financial Instrument Adjustment	(2,398)	
(19,066)	Council Tax	(20,006)	
(13,708)	National Non-Domestic Rates	(6,152)	
10,809	Business Rates Tariff Payment	9,909	
(3,614)	Small Business Rate Relief Grant	(9,632)	
(1,898)	New Homes Bonus Grant	(1,825)	
(7,712)	Capital Grant And Contribution	(4,494)	
	Covid Grant (Corporate) income*	(2,221)	

* Further information on Covid related grants can be found in note 29 Grant Income

7. Events After the Reporting Period

The Statement of Accounts was authorised for issue on 7 April 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

8. Supplementary Information to Note 1. Expenditure and Funding Analysis

Adjustments between funding and accounting basis 2020/21

Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Chief Executive's Directorate	(39)	(879)	(117)	**(1,035)**
Directorate of Community & Customer Services	(1,949)	(724)	(90)	**(2,763)**
Directorate of Planning, Policy & Environmental Services	(389)	(902)	(113)	**(1,404)**
Central Costs	73	857	0	**930**
Housing Revenue Account (HRA)	(8,789)	(328)	(38)	**(9,155)**
Net Cost of Services	**(11,093)**	**(1,976)**	**(358)**	**(13,427)**
Other income and expenditure from the Expenditure and Funding Analysis	14,909	(763)	(4,468)	**9,678**
Difference between General Fund and HRA Surplus and the CIES (Surplus)/Deficit on the Provision of Services	**3,816**	**(2,739)**	**(4,826)**	**(3,749)**

Adjustments between funding and accounting basis 2019/20

Adjustments from General Fund and HRA to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Chief Executive's Directorate	(873)	(803)	(5)	(1,681)
Directorate of Community & Customer Services	(1,159)	(798)	(11)	(1,968)
Directorate of Planning, Policy & Environmental Services	(372)	(945)	(10)	(1,327)
Central Costs	113	838	0	951
Housing Revenue Account (HRA)	(14,331)	(335)	1	(14,665)
Net Cost of Services	**(16,622)**	**(2,043)**	**(25)**	**(18,690)**
Other income and expenditure from the Expenditure and Funding Analysis	19,170	(807)	(1,731)	16,632
Difference between General Fund and HRA Surplus and the CIES (Surplus)/Deficit on the Provision of Services	**2,548**	**(2,850)**	**(1,756)**	**(2,058)**

Adjustments for Capital Purposes:

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

- *Other operating expenditure* – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- *Financing and investment income and expenditure* – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- *Taxation and non-specific grant income and expenditure* – capital grants are adjusted for income not chargeable under generally accepted accounting practices. 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 in the year.

Net Change for Pensions Adjustments:

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income as follows:

- *Services* – the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- *Financing and investment income and expenditure* – the net interest on the defined benefit liability is charged to the CIES.

Other Differences:

Other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and amounts payable or receivable to be recognised under statute as follows:

- *Services* – the charge here represents the amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.
- *Taxation and non-specific grant income and expenditure* – the charge here represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

9. Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. Note 21 sets out a description of the reserves that the adjustments are made against.

2020/21 Adjustments	Usable Reserves				
	General Fund £000	Housing Revenue Account £000	Usable Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to the Pensions Reserve)	(2,322)	(417)			
Council Tax and Non Domestic Rates (transferred to or from the Collection Fund Adjustment Account)	(7,016)				
Holiday pay (transferred from the Accumulated Absences Adjustment Account)	(319)	(37)			
Financial Instruments (Fair Value and Impairment Adjustments)	2,546				
Reversal of entries included in the (Surplus)/Deficit on Provision of Services in relation to capital expenditure (transferred to Capital Adjustment Account)	(2,253)	(9,953)			
Total Adjustments to Revenue Resources	**(9,364)**	**(10,407)**	**0**	**0**	**0**
Adjustments between Revenue and Capital Resources					
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	631	2,285	(2,916)		

2020/21 Adjustments	Usable Reserves				
	General Fund	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(334)		334		
Posting of HRA resources from revenue to the Major Repairs Reserve		3,483		(3,483)	
Capital grants yet to be applied to expenditure (Transfer to the Capital Grants Unapplied account)	4,947				(4,947)
Statutory provision for the repayment of debt (Transferred to the Capital Adjustment Account)	664				
Voluntary provision for the repayment of debt (Transferred to the Capital Adjustment Account)		2,282			
Capital expenditure financed from revenue balances (Transferred to the Capital Adjustment Account)	873	1,191			
Total Adjustments between Revenue and Capital Resources	**6,781**	**9,241**	**(2,582)**	**(3,483)**	**(4,947)**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure			7,982		
Proceeds from the Repayment of Capital Loan			(4,757)		
Use of the Major Repairs Reserve to finance capital expenditure				3,513	
Application of capital grants to finance capital expenditure					395
Total Adjustments to Capital Resources	**0**	**0**	**3,225**	**3,513**	**395**
Total Adjustments in 2020/21	**(2,583)**	**(1,166)**	**643**	**30**	**(4,552)**

2019/20 Adjustments	Usable Reserves				
	General Fund £000	Housing Revenue Account £000	Usable Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000
Adjustments to the Revenue Resources					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to the Pensions Reserve)	(2,318)	(535)			
Council Tax and Non Domestic Rates (transferred to or from the Collection Fund Adjustment Account)	(274)				
Holiday pay (transferred from the Accumulated Absences Adjustment Account)	(26)	0			
Financial Instruments (Fair Value and Impairment Adjustments)	(1,458)				
Reversal of entries included in the (Surplus)/Deficit on Provision of Services in relation to capital expenditure (transferred to Capital Adjustment Account)	(2,651)	(15,971)			
Total Adjustments to Revenue Resources	**(6,727)**	**(16,506)**	**0**	**0**	**0**
Adjustments between Revenue and Capital Resources					
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	10	2,837	(2,847)		
Payments to the Government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(334)		334		
Posting of HRA resources from revenue to the Major Repairs Reserve		5,308		(5,308)	
Capital grants yet to be applied to expenditure (Transfer to the Capital Grants Unapplied account)	8,092				(8,092)

2019/20 Adjustments	Usable Reserves				
	General Fund	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account
Statutory provision for the repayment of debt (Transferred to the Capital Adjustment Account)	665				
Voluntary provision for the repayment of debt (Transferred to the Capital Adjustment Account)		1,238			
Capital expenditure financed from revenue balances (Transferred to the Capital Adjustment Account)	3,359	0			
Total Adjustments between Revenue and Capital Resources	**11,792**	**9,383**	**(2,513)**	**(5,308)**	**(8,092)**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure			807		
Use of the Major Repairs Reserve to finance capital expenditure				5,146	
Application of capital grants to finance capital expenditure					853
Total Adjustments to Capital Resources	**0**	**0**	**807**	**5,146**	**853**
Total Adjustments in 2019/20	**5,065**	**(7,123)**	**(1,706)**	**(162)**	**(7,239)**

10. Transfers (To) / From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

Earmarked Reserves	Balance at 1 April 2019	Transfers Out	Transfers In	Balance at 31 March 2020	Transfers Out	Transfers In	Balance at 31 March 2021
	£000	£000	£000	£000	£000	£000	£000
General Fund:							
Capital Fund	(7,962)	390	(278)	(7,850)	1,178	(6,711)	**(13,383)**
Service Programme Fund (GF)	(2,521)	207	(479)	(2,793)	131	(866)	**(3,528)**
Climate Emergency Fund	(200)	27	(200)	(373)	46	(320)	**(647)**
Continuous Improvement Fund	(796)	23	-	(773)	83	(19)	**(709)**
Collection Fund Equalisation Reserve	0	-	(250)	(250)		(7,487)	**(7,737)**
Income and Cost Risk Fund	(2,220)	-	(225)	(2,445)		(301)	**(2,746)**
Repairs and Maintenance Fund	(500)	-	-	(500)			**(500)**
Insurance Fund	(346)	-	-	(346)			**(346)**
Emergencies Fund	(845)	-	-	(845)	197		**(648)**
Election Fund	(297)	212	(60)	(145)		(60)	**(205)**
Appeals and Legal Cost Fund	(334)	-	-	(334)			**(334)**
Maintenance of Open Spaces	(189)	-	-	(189)			**(189)**
Croft Road Car Park Fund	(434)	0	(35)	(469)			**(469)**
SAMMS Fund	(555)	0	(215)	(770)		(512)	**(1,282)**
SANGS Fund	(1,573)	236	(565)	(1,902)		(1,544)	**(3,446)**
Air Quality Monitoring	(8)	0	(74)	(82)	19		**(63)**
HRA:							
Service Programme Fund (HRA)	(96)	4	0	(92)	3		**(89)**
Priorities and Initiatives Fund	(3,951)	0	0	(3,951)			**(3,951)**
Maintenance Fund (HRA)	(310)	0	(35)	(345)	36	(31)	**(340)**
Total	**(23,137)**	**1,099**	**(2,416)**	**(24,454)**	**1,693**	**(17,851)**	**(40,612)**

The earmarked reserves are held for the following purposes:

General Fund:	
Capital Fund	Funds for future capital investment.
Service Programme Fund	Funds for use in future years on a range of specific service programmes of activity.
Climate Emergency Initiatives Fund	A new provision has been set up for Climate Emergency Initiatives.
Continuous Improvement Fund	Funds for 'Invest to Improve' and 'Invest to Save' initiatives.
Collection Fund Equalisation Reserve	This has been set up due to the potential impact of Covid-19 on the Collection Fund in future years.
Income and Cost Risk Fund	Funds held to manage the risk of specific service income and funding streams falling below expected levels.
Repairs and Maintenance Fund	Funds to cover costs of any significant unexpected building repairs required.
Insurance Fund	Funds to meet the costs relating to liability in respect of Municipal Mutual Insurance Scheme of Arrangement and to provide self-insurance for small claims.
Emergencies Fund	Funds to cover costs of emergencies arising in the district.
Election Fund	Funds are reserved here to cover the costs of District Council Elections.
Appeals and Legal Cost Fund	Funds to cover the legal costs for planning appeals.
Maintenance of Open Spaces	Funds to meet the costs of maintaining open spaces in the General Fund.
Croft Road Car Park Fund	Funds set aside to meet maintenance costs on Croft Road Car Park, Crowborough. This reserve is funded from annual maintenance cost contributions received from Waitrose.
Strategic Access Management & Monitoring Strategy (SAMMS) Fund	This reserve holds income received from developers in order to pay for future costs of SAMMS for the Ashdown Forest Special Protection Area in perpetuity. This is required by the Habitat Regulations to mitigate the effects of development on the ecology of the Ashdown Forest. The Council is in the process of developing an agreement with Lewes, Tandridge, Mid Sussex and Tunbridge Wells councils to administer and hold their SAMMS income in future.
Suitable Alternative Natural Green Spaces (SANGS) Fund	This reserve holds income from the Council and other authorities, received from developers, in order to pay for Suitable Alternative Natural Green Spaces. This is required by the Habitat Regulations to mitigate the effects of development on the ecology of the Ashdown Forest Special Protection Area. The Council holds income in reserves to meet future management costs.
Air Quality Monitoring Fund	Air Quality Monitoring Fund to meet future expenditure requirements.
HRA:	
Service Programme Fund	Funds for use in future years on a range of specific service programmes of activity within the Housing Revenue Account.
Priorities and Initiatives Fund	Funds set aside for meeting the costs of anticipated levy on higher value social housing.
Maintenance Fund	A ring-fenced account to hold contributions from leaseholders towards future costs for communal repairs of specific retirement living courts.

11a. Segmental Income

Fees and charges income received on a segmental basis, as reflected in the CIES is analysed below.

2019/20 £000	Income Analysis	2020/21 £000	£000
	Fees, charges and other service income		
(3)	Members		0
(1,317)	Chief Executive's Directorate		(654)
	Directorate of Community & Customer Services		
(1,863)	Refuse & Recycling (incl. Recycling Credits)	(1,897)	
(1,973)	Other Service Income	(2,413)	
(3,836)			**(4,310)**
	Directorate of Planning, Policy & Environmental Services		
(1,597)	Development Management	(1,629)	
(1,236)	Building Control	(1,099)	
(328)	Licensing*	(236)	
(228)	Local Land Charges	(263)	
(522)	Other Service Income	(2,344)	
(3,911)		**	**(5,571)**
(15,239)	Housing Revenue Account[1]		(15,272)
(24,306)	**Total income analysed on a segmental basis**		**(25,807)**

[1] Housing Revenue Account Service Income is analysed on the HRA Income and Expenditure Statement

* in 2019/20 this was included in Community and Customer Services

** The increase in income is largely due to a £287,000 increase in SAMMS income and a £1,751,000 increase in SANGS income which includes a £640,000 contribution from Community Infrastructure receipts

11b. Expenditure and Income Analysed by Nature

Expenditure and income reflected in the CIES is analysed by nature below.

* amounts have been restated to align to the 2020/21 presentation

2019/20 Restated £000		Expenditure Analysis	2020/21 £000
		Expenditure	
17,638		Employee benefits expenses	18,764
45,774		Other services expenses	47,236
16,019	*	Depreciation, amortisation, revaluation/ impairment losses / (reversals)	10,533
2,806	*	Interest payments	2,557
1,474	*	Financial Instrument Adjustments	(2,398)
6,663		Precepts and levies	7,072
334		Payments to the Housing Capital Receipts Pool	334
(1,207)		(Gain) / Loss on the disposal of assets	(1,301)
89,501		**Total expenditure**	**82,797**
		Income	
(24,306)		Fees, charges and other service income	(25,807)
(1,255)		Interest and investment income	(897)
(25,783)		Income from council tax and non-domestic rates	(25,276)
(37,323)		Government grants and contributions	(40,270)
(88,667)		**Total income**	**(92,250)**
834		**(Surplus) / Deficit on the Provision of Services**	**(9,453)**

12. Other Operating Expenditure

Other operating expenditure includes the following items:

2019/20 £000	Other Operating Expenditure	2020/21 £000
6,552	Parish & Town Council Precepts	6,991
39	Parish & Town Council Local Council Tax Support Grant	0
72	Levies	82
334	Payments to the Government housing capital receipts pool	334
(1,207)	(Gain) / Loss on disposal of non current assets	(1,301)
5,790	**Total**	**6,106**

13. Financing and Investment Income and Expenditure

Financing and investment income and expenditure includes the following items:

2019/20 Restated £000		Financing and Investment Income and Expenditure	2020/21 £000
1,998	*	Interest payable and similar charges	1,793
807		Net interest on the net defined benefit liability	764
(1,215)	*	Interest receivable and similar income	(836)
(16)		Income and expenditure in relation to investment properties	(22)
(15)		Changes in fair value of investment properties	(523)
1,474		Financial Instruments adjustments	(2,398)
3,033		**Total**	**(1,222)**

* 2019/20 has been restated to include £0.222 million HRA payment to GF for internal borrowing

14. Taxation and Non-Specific Grant Income and Expenditure

Taxation and non-specific grant income and expenditure includes the following items:

2019/20 £000	Taxation and Non-Specific Grant Income and Expenditure	2020/21 £000
(19,066)	Council Tax Income	(20,006)
(13,708)	Non Domestic Rates Income (Gross)	(6,152)
(194)	Non Domestic Rates Income - Renewable Energy Disregards	(189)
(3,614)	Non Domestic Rates - Section 31 Grants Receivable from Government	(9,633)
10,809	Non Domestic Rates - Tariff Payable	9,909
0	Non Domestic Rates - Levy Payable	787
(10)	Government Levy Account Surplus distribution	0
(1,933)	Non-ringfenced Government Grants	(2,031)
(7,712)	Capital Grants and Contributions	(4,921)
0	New Burdens Grants	(371)
0	Taxation Income Guarantee (NNDR and Council Tax)	(550)
0	Covid Grants	(2,220)
(35,428)	**Total**	**(35,377)**

15. Property, Plant and Equipment & Heritage Assets

The table below provides a reconciliation from the carrying amount of property, plant and equipment at the beginning of the period to the carrying amount at the end of the period with details of all movements.

Property, Plant and Equipment 2020/21	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2020	211,666	54,653	851	5,851	2,192	279	**275,492**
Additions	10,780	72	260	108	357	4,022	**15,599**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,224	(2,315)			100		**9**
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(5,219)	(1,993)			69		**(7,143)**
Derecognition - Disposals	(1,615)		(51)				**(1,666)**
Assets re-classified from Assets Under Construction	3,081					(3,081)	**0**
Assets re-classified as Held for Sale							**0**
At 31 March 2021	**220,917**	**50,417**	**1,060**	**5,959**	**2,718**	**1,220**	**282,291**

Property, Plant and Equipment 2020/21	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation & Impairment							
At 1 April 2020	0	0	(284)	0	0	0	**(284)**
Depreciation charge	(3,451)	(736)	(175)				**(4,362)**
Depreciation written out to the Revaluation Reserve on revaluation	3,260	355					**3,615**
Depreciation written out to the Surplus/Deficit on the Provision of Services on revaluation	167	381					**548**
De-recognition - Disposals	24	0	51				**75**
At 31 March 2021	**0**	**0**	**(408)**	**0**	**0**	**0**	**(408)**
Net Book Value at 31 March 2021	**220,917**	**50,417**	**652**	**5,959**	**2,718**	**1,220**	**281,883**
Net Book Value at 31 March 2020	**211,666**	**54,653**	**567**	**5,851**	**2,192**	**279**	**275,208**

Heritage Assets

Heritage assets are to be measured at valuation (or cost) which may be made by any method that is appropriate and relevant. The Council has three heritage assets: Old Pavilion Cinema, Argos Hill Windmill, and Jack Cade Memorial. The Council's external valuers; Wilks Head & Eve LLP has determined that as at 31 March 2020 there was adequate information to enable the cinema to be revalued (as at 31 March 2019 all the heritage assets were carried at cost). The valuation was carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuer has deemed the cinema should be valued using the depreciated replacement method to assess its current value in existing use as at 31 March 2021, which has lead to a valuation gain of £0.087 million as shown in the table below.

2019/20 £000	Movement in Heritage Assets	2020/21 £000
41	Balance at 1 April	734
0	Additions	0
0	Disposals	0
(1)	Depreciation	(12)
694	Net gains from fair value adjustments	87
734	**Balance at 31 March**	**809**

Property, Plant and Equipment 2019/20	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2019	210,156	56,101	1,568	2,836	234	13,318	**284,213**
Additions	4,703	615	165	97	1,860	1,548	**8,988**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(3,133)	(1,614)			7		**(4,740)**
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,047)	(431)			91		**(10,387)**
Derecognition - Disposals	(1,682)		(882)				**(2,564)**
Assets re-classified from Assets Under Construction	11,669			2,918		(14,587)	**0**
Assets re-classified as Held for Sale		(18)					**(18)**
At 31 March 2020	**211,666**	**54,653**	**851**	**5,851**	**2,192**	**279**	**275,492**
Accumulated Depreciation & Impairment							
At 1 April 2019	0	(34)	(931)	0	(19)	0	**(984)**
Depreciation charge	(5,287)	(721)	(235)		(3)		**(6,246)**
Depreciation written out to the Revaluation Reserve on revaluation	4,946	376			5		**5,327**
Depreciation written out to the Surplus/Deficit on the Provision of Services on revaluation	300	379			17		**696**
De-recognition - Disposals	41		882				**923**
At 31 March 2020	**0**	**0**	**(284)**	**0**	**0**	**0**	**(284)**
Net Book Value at 31 March 2020	**211,666**	**54,653**	**567**	**5,851**	**2,192**	**279**	**275,208**
Net Book Value at 31 March 2019	**210,156**	**56,067**	**637**	**2,836**	**215**	**13,318**	**283,229**

Heritage Assets

Heritage assets are to be measured at valuation (or cost) which may be made by any method that is appropriate and relevant. The Council has three heritage assets: Old Pavilion Cinema, Argos Hill Windmill, and Jack Cade Memorial. The Council's external valuers; Wilks Head & Eve LLP has determined that as at 31 March 2020 there was adequate information to enable the cinema to be revalued (as at 31 March 2019 all the heritage assets were carried at cost). The valuation was carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuer has deemed the cinema should be valued using the depreciated replacement method to assess its current value in existing use as at 31 March 2020, which has lead to a valuation gain of £0.694 million as shown in the table below.

2018/19 £000	Movement in Heritage Assets	2019/20 £000
42	Balance at 1 April	41
0	Additions	0
0	Disposals	0
(1)	Depreciation	(1)
0	Net gains from fair value adjustments	694
41	**Balance at 31 March**	**734**

Non-operational Property, Plant and Equipment - Surplus Assets:

Fair Value Hierarchy & Valuation Techniques:
All of the Council's surplus assets are measured at fair value on a recurring basis using other significant observable inputs, Level 2 on the fair value hierarchy.
The fair value measurement of the surplus assets is based on the market approach using current market conditions consisting of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date. There has been no change in valuation technique and no transfers between levels of the fair value hierarchy in the year.

Highest and Best Use:
The fair value of the surplus assets has been estimated based on their highest and best use. The current use of these assets differs from their highest and best use in some cases. This is due to the fact that the assets are being held vacant and non-operational pending decisions regarding their future development or disposal by the Council.

Depreciation:

The following useful economic lives have been used in the calculation of depreciation:

Council Dwellings & Other Buildings	Up to 54 years
Vehicles, Plant, Furniture & Equipment	5 to 10 years

Assets Under Construction:

The balance of £1.220 million in Assets Under Construction at 31 March 2021 comprises capital expenditure incurred on HRA new build council dwellings in the course of construction at the reporting date.

Capital Commitments:

At 31 March 2021, the Council has entered into contracts for the construction and enhancement of Property Plant and Equipment in 2021/22 and future years. The significant commitments are as follows:

Capital Commitments	31 March 2020 £000	31 March 2021 £000
HRA: Greenleaf	2,250	0
HRA: Woodpecker View	2,200	0
HRA: Joan Hughes Court Refurbishment	1,768	897
HRA: Fire Door replacement programme	1,099	1,040

Reclassifications:

In 2020/21, the following assets have been reclassified:

- The completed development of 14 new build council dwellings in Polegate (Greenleaf Gardens Development) completed in January 2021 and 2 new build council dwellings in Hailsham (Mill Road development) in February 2021.

In 2019/20, the following assets were reclassified:

- The completed development of 67 new build council dwellings at Grants Hill Court, Uckfield were re-classified from Assets Under Construction to Council Dwellings in July 2019.

- The asset of Horsted Park, Uckfield which has been developed as a Suitable Alternative Natural Green Space ("SANGS"), was reclassified from Assets Under Construction to Community Assets on being opened for public use in September 2019.

- Horam Flat Farm - one of the parcels of land surrounding the Crematorium was put on the market for sale as at 31 March 2020 and was reclassified from Other Land and Buildings to Non-current Assets Held for Sale.

Revaluations:

Assets Under Construction and Vehicles, Plant, Furniture and Equipment values are based on their historical cost. The table below shows the effective date of valuation for assets within each category of Property Plant and Equipment.

Land and buildings assets were all valued as at 31 March 2021.

The significant assumptions used in estimating the current values are as follows:

- Good title can be shown and the property is not subject to unusual or onerous restrictions, encumbrances or outgoings;
- That an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- That there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation; and
- That the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.

Revaluations	**Council Dwellings**	**Other Land & Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Community Assets**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant & Equipment**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Carried at historical cost			652	5,959		1,220	**7,831**
Valued at current value as at:							
31 March 2021	220,917	50,417			2,718		**274,052**
Total Net Book Value	**220,917**	**50,417**	**652**	**5,959**	**2,718**	**1,220**	**281,883**

16. Investment Properties

Movement in Fair Value of Investment Property:

The movement in the fair value of investment properties is shown in the table below:

2019/20 £000	Movement in Fair Value of Investment Property	2020/21 £000
1,868	Balance at 1 April	1,883
	Additions	
	Disposals	
15	Net gains / (losses) from fair value adjustments	523
1,883	**Balance at 31 March**	**2,406**

The fair value of the Council's investment property is measured annually at each reporting date. The valuations are carried out by an independent valuer. For 2019/20 and 2020/21, this was Wilks Head & Eve LLP. The valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. There is regular liaison between the valuer and the Council's finance officers regarding all valuation matters.

Fair Value Hierarchy & Valuation Techniques:
All of the Council's investment properties shown above are measured at fair value on a recurring basis using other significant observable inputs, Level 2 on the fair value hierarchy.
The fair value measurement of the investment properties is based on the market approach using current market conditions consisting of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date. There has been no change in valuation technique and no transfers between levels of the fair value hierarchy in the year.

Highest and Best Use of Investment Properties:
In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

17. Financial Instruments

Financial instruments are recognised on the balance sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities:
Financial liabilities are initially measured at fair value and then at amortised cost. For the Council's borrowing this means that the amount presented in the balance sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement ("CIES") are based on the carrying amount of the liability, multiplied by the rate of interest for the instrument.

Financial Assets:
To meet the financial instruments accounting standard requirements (IFRS 9), financial assets are now classified into one of three categories:

1. *Financial assets held at amortised cost* - represented by loans or loan type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal due plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

2. *Fair Value through Other Comprehensive Income* - These assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account with the balance debited or credited to the CIES when the asset is disposed of.

3. Fair Value Through Profit or Loss - These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are taken to the Financing and Investment Income and Expenditure line in the CIES.

Categories of Financial Instruments:

The following categories of financial instrument are carried in the Balance Sheet.

Categories of Financial Assets	Long Term		Current	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Financial Assets				
Investments				
At amortised cost:				
Principal			8,000	13,000
Accrued interest			18	1
At fair value through profit and loss:				
Fair value [1]	12,048	14,542	47	39
Total Investments	**12,048**	**14,542**	**8,065**	**13,040**
Cash and Cash Equivalents				
At amortised cost:				
Principal			38,546	30,548
Accrued interest			85	52
At fair value through profit and loss:				
Fair value				14,000
Total Cash and Cash Equivalents	**0**	**0**	**38,631**	**44,600**
Debtors				
At amortised cost:				
Trade receivables	180	90	3,198	4,900
Loss allowance	(63)		(476)	(687)
Loan to subsidiary			4,550	0
Loss allowance			(52)	0
Accrued interest			0	0
At fair value through profit and loss:				
Decent Homes loans		10		
Included in Debtors [2]	**117**	**100**	**7,220**	**4,213**
Total Financial Assets	**12,165**	**14,642**	**53,916**	**61,853**

[1] ***Fair Value includes Unquoted Equity Investments***

The Council has a shareholding in Sussex Weald Homes Limited (representing 100% of the company's capital). The shares have a nominal value of £3.429 million. Fair value has been arrived at by including retained earnings to date, the fair value for as at 31 March 2021 was £4.392 million (£3.033 million as at 31 March 2020). The company was formed in December 2016 and has no established trading history. There are also no established companies with similar aims in the Council's area whose shares are traded and which might provide comparable market data. The Council has no current intention to dispose of the shareholding.

Categories of Financial Liabilities	Long Term		Current	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Financial Liabilities				
Borrowings				
Loans at Amortised Cost:				
Principal sum borrowed	(46,594)	(44,312)	(2,282)	(2,282)
Accrued interest			(52)	(51)
Total Borrowings	**(46,594)**	**(44,312)**	**(2,334)**	**(2,333)**
Creditors				
Liabilities at amortised cost	(14,342)	(14,249)	(12,059)	(5,795)
Included in Creditors[3]	**(14,342)**	**(14,249)**	**(12,059)**	**(5,795)**
Total Financial Liabilities	**(60,936)**	**(58,561)**	**(14,393)**	**(8,128)**

[2] ***Debtors Reconciliation to Balance Sheet***	Long Term		Current	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Included in Financial Assets	117	100	7,220	4,213
Debtors that do not meet the definition of a financial asset:				
Statutory Debtors			5,967	15,641
Prepayments			632	580
Total Debtors	**117**	**100**	**13,819**	**20,434**

[3] ***Creditors Reconciliation to Balance Sheet***	Long Term		Current	
	31 March 2020 £000	31 March 2021 £000	31 March 2020 £000	31 March 2021 £000
Included in Financial Liabilities	(14,342)	(14,249)	(12,059)	(5,795)
Creditors that do not meet the definition of a financial liability:				
Statutory Creditors			(3,965)	(22,403)
Income in Advance			(4,925)	(6,212)
Total Creditors	**(14,342)**	**(14,249)**	**(20,949)**	**(34,410)**

Items of Income, Expense, Gains and Losses Recognised in the Comprehensive Income and Expenditure Statement

The follow table provides a breakdown of the financial instrument items of income, expenditure and gains/ losses recognised in the CIES.

	2019/20				2020/21			
Financial instrument items of income, expenditure and gains/ losses recognised in the CIES	**Financial Liabilities: Amortised Cost £000**	**Financial Assets: Amortised Cost £000**	**Financial Assets: Fair value through profit and loss £000**	**Total £000**	**Financial Liabilities: Amortised Cost £000**	**Financial Assets: Amortised Cost £000**	**Financial Assets: Fair value through profit and loss £000**	**Total £000**
Interest Expense	1,776			1,776	1,632			1,632
Losses on Derecognition				0				0
(Gains)/Losses from change in fair value			299	299			(1,358)	(1,358)
Impairment losses				0		95		95
Fees Paid				0				0
Interest Payable and Similar Charges	**1,776**	**0**	**299**	**2,075**	**1,632**	**95**	**(1,358)**	**369**
Interest Income		(483)		(483)		(264)		(264)
Dividend Income			(510)	(510)			(411)	(411)
(Gains) / loss from changes in fair value			1,180	1,180			(1,135)	(1,135)
Interest and Investment Income	**0**	**(483)**	**670**	**187**	**0**	**(264)**	**(1,546)**	**(1,810)**
Recognised in the (surplus)/deficit on provision of services	**1,776**	**(483)**	**969**	**2,262**	**1,632**	**(169)**	**(2,904)**	**(1,441)**
Net (Gain) / Loss for the Year	**1,776**	**(483)**	**969**	**2,262**	**1,632**	**(169)**	**(2,904)**	**(1,441)**

Financial Instruments Fair Values:

In previous year's financial assets classified as available-for-sale were carried in the balance sheet at fair value. These assets comprised Money Market Funds and a Property Fund. The fair value was taken from the market price.

With the adoption of accounting standard IFRS 9 Financial Instruments from 2018/19, the 'available - for - sale' category is no longer available. The standard requires that investments in equity be classified as fair value through profit and loss unless there is an irrevocable election to designate an asset as fair value through other comprehensive income.

Financial assets classified as loans and receivables and all financial liabilities are carried in the balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March, using the following methods and assumptions:

• Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

• The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

• No early repayment or impairment is recognised for any financial instrument.

• The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the following table. The analysis shows at which level in the fair value hierarchy that the instruments have been measured. The fair value hierarchy includes three levels as follows:

Level 1 Inputs*:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 Inputs*: O*ther than quoted prices that are observable for the asset or liability, either directly or indirectly. E.g. interest rates or yields for similar instruments.

Level 3 Inputs*:* Unobservable inputs for the asset or liability. E.g. non-market data such as cash flow forecasts or estimated creditworthiness.

There have been no transfers between levels of the hierarchy or changes in valuation technique during the year.

The table shows that the fair value of financial liabilities held at amortised cost is higher than the carrying amount. This is because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the prevailing rates for similar loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above current market rates.

Fair value of Financial Liabilities	Fair Value Level	31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000	31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000
Financial Liabilities held at amortised cost:					
PWLB Borrowing	2	(48,928)	(57,394)	(46,645)	(36,302)
Total		**(48,928)**	**(57,394)**	**(46,645)**	**(36,302)**
Liabilities for which fair value is not disclosed[1]:		(26,401)		(20,044)	
Total Financial Liabilities		**(75,329)**		**(66,689)**	
Recorded on Balance Sheet as:					
Short Term Creditors		(12,059)		(5,795)	
Short Term Borrowing		(2,334)		(2,333)	
Long Term Creditors		(14,342)		(14,249)	
Long Term Borrowing		(46,594)		(44,312)	
Total Financial Liabilities		**(75,329)**		**(66,689)**	

Fair value of Financial Assets	Fair Value Level	31 March 2020 Carrying Amount £000	31 March 2020 Fair Value £000	31 March 2021 Carrying Amount £000	31 March 2021 Fair Value £000
Financial assets held at fair value:					
Money Market Funds	1	0	0	14,000	14,000
Diversified Income Bonds	1	9,061	9,061	10,189	10,189
Covered Bonds	1	0	0	0	0
Shares in subsidiary	3	3,033	3,033	4,392	4,392
Decent Homes loan	2			10	10
Financial assets held at amortised cost:					
Bank Deposits	2	0	0	0	0
Covered Bonds	1	0	0	0	0
Loans to Local Authorities	2	34,102	34,103	37,053	37,054
Loans to Subsidiary	3	4,498	4,719	0	0
Total		**50,694**	**50,916**	**65,644**	**65,645**

Assets for which fair value is not disclosed[1]	31 March 2020 Carrying Amount £000	31 March 2021 Carrying Amount £000
Bank Current Account	12,546	6,548
Trade Receivables	2,722	4,213
Long Term Debtors (excl. loan to subsidiary)	117	90
Accrued interest	2	0
Total Financial Assets	**66,081**	**76,495**
Recorded on Balance Sheet as:		
Long Term Debtors	117	100
Long Term Investments	12,048	14,542
Short Term Debtors	7,220	4,213
Short Term Investments	8,065	13,040
Cash and Cash Equivalents	38,631	44,600
Total Financial Assets	**66,081**	**76,495**

[1] The fair value of short term financial liabilities including trade payables, and of short term financial assets including bank current account balances and trade receivables, is assumed to approximate to the carrying amount.

18. Debtors

The following two tables provide a breakdown of short terms and long term debtors.

(a) Short Term Debtors

31 March 2020				31 March 2021		
Gross Debt £000	Impair-ment £000	Net of Impair-ment £000	Short Term Debtors	Gross Debt £000	Impair-ment £000	Net of Impair-ment £000
2,333	0	2,333	Central Government Bodies	7,817	0	7,817
2,152	0	2,152	Local Authorities	5,736	0	5,736
0	0	0	NHS Bodies	1	0	1
0	0	0	Public Corporations & Trading Funds	235	0	235
7,420	(2,584)	4,836	Other Entities & Individuals	9,430	(2,785)	6,645
4,550	(52)	4,498	Loan to subsidiary*	0	0	0
16,455	**(2,636)**	**13,819**	**Total**	**23,219**	**(2,785)**	**20,434**

* Loan was repaid in 2020/21

(b) Long Term Debtors

31 March 2020 £000	Long Term Debtors	31 March 2021 £000
117	**Other Entities - Commercial Waste and Cess Pool Emptying Sale**	90
0	**Decent Home Loans**	10
117	**Total**	**100**

19. Creditors

The following two tables provide a breakdown of short terms and long term creditors.

(a) Short Term Creditors

31 March 2020 £000	Short Term Creditors	31 March 2021 £000
5,092	Central Government Bodies	22,002
2,283	Local Authorities	1,408
5,680	Other Entities & Individuals	6,466
7,894	Balance of Section 106 Monies	4,534
20,949	**Total**	**34,410**

(b) Long Term Creditors

31 March 2020 £000	Long Term Creditors	31 March 2021 £000
14,342	Balance of Section 106 Monies	12,717
0	SAMMS Contributions	1,532
14,342		**14,249**

At 31 March 2021, the total creditor balance in respect of Section 106 contributions was £17.25 million. These contributions are required to be held by the Council until the conditions in the agreement have been met or for ten years, after which the amount must be refunded to the owner of the land. In determining whether the creditor should be classified as long term or short term, information is obtained from the planning service to identify those schemes where there is evidence available that conditions in the Section 106 agreement are likely to be met within 12 months of the balance sheet date, or where the ten year limit will expire within 12 months of the balance sheet date, and these balances are consequently classified as short term creditors. All other balances held are classified as long term creditors.

20. Provisions

2019/20			2020/21			
Business Rates Appeals	Outstanding Legal cases		Business Rates Appeals	Outstanding Legal cases	HRA Council Dwellings Rent Liability	Total
£000	£000		£000	£000	£000	£000
(1,940)	0	Balance at 1st April	(2,468)	(56)	0	(2,524)
(620)	(56)	Additional provisions made in year	(302)	(100)	(266)	(668)
92		Amounts used in year	450	0		450
(2,468)	**(56)**	**Balance at 31 March**	**(2,320)**	**(156)**	**(266)**	**(2,742)**

Business Rates Appeals:

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses in 2020/21 and earlier financial years in their proportionate share. Therefore, a provision of £2,468,000 was recognised at 31 March 2020 for the Council's attributable share of the best estimate of the amount that may be required to be repaid to businesses that had been overcharged up to 31 March 2020. The estimate was calculated using information on outstanding appeals at 31 March 2020 and success rates for settled appeals provided by the Valuation Office Agency.

The latest information from the Valuation Office Agency has been used to estimate the provision required at 31 March 2021 for appeals against the 2010 List that remain outstanding at the balance sheet date. Also, the appeals process changed with effect from April 2017 following the introduction of ‘Check, Challenge, Appeal’. This introduces two initial stages prior to the appeal stage. Therefore, the overall provision has been calculated on the basis of experience in regards to the 2010 List and by the use of a detailed analysis of 'likely threats' provided by a specialist agency. This has resulted in an overall decrease to the Council's share of the provision to £2,320,000.

Outstanding Planning Enforcement Appeals:

During 2019/20, a claim was made against the Council for the costs of a planning enforcement appeal, and a second claim was made for expenses where the information from previous appeals couldn’t be re-used. A provision for the outstanding appeal costs of £0.056 million remains in the accounts at 31 March 2021 as this appeal is still outstanding. In 2020/21 a claim was made against the Council in relation to a second planning related matter, in relation to the Community Infrastructure Levy. A provision for the outstanding claim of £0.100 million has been recognised at 31 March 2021 for this.

Housing Revenue Account - Dwellings Rent

A provision of £0.266 million has been made for an estimated rent liability from the prior five year period. A small proportion of properties had been re-let above the government’s formula rent level and so require adjustments to be made to correct this. Any adjustments required will be made against this provision during 2021/22.

21. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement with further analysis provided in Note 9 Adjustments Between Accounting Basis and Funding Basis Under Regulations and Note 10 Transfers To / From Earmarked Reserves.

A description of the nature and purpose of the Council's usable reserves is set out below.

General Fund:

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all the 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 Balance, which is not necessarily in accordance with proper accounting practice. The General Fund therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year. However, the balance is not available to be applied to funding HRA services.

Earmarked Reserves:

These are reserves into which amounts are set aside from the General Fund and HRA balances in order to provide financing for future expenditure plans and from which amounts are posted back to meet General Fund and HRA expenditure. The details of each earmarked reserve are provided in Note 10 Transfers To / From Earmarked Reserves.

Housing Revenue Account:

The Housing Revenue Account (HRA) Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function.

Usable Capital Receipts Reserve:

The Usable Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Major Repairs Reserve:

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. In previous years, the amount transferred to this reserve was based on a historical Major Repairs Allowance. With effect from 2017/18, the amount transferred into the reserve is based on the total of depreciation for the year charged to the HRA. The balance on the reserve shows the resources that have yet to be applied at the year end.

Capital Grants Unapplied Account:

The 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 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.

22. Unusable Reserves

31 March 2020 £000	Unusable Reserves	Note 22	31 March 2021 £000
(21,507)	Revaluation Reserve	(a)	(24,856)
(180,939)	Capital Adjustment Account	(b)	(182,651)
28,531	Pensions Reserve	(c)	36,797
27	Collection Fund Adjustment Account	(d)	7,042
117	Accumulated Absences Account	(e)	475
985	Pooled Investment Fund Fair Value Adjustment Reserve	(f)	(150)
(172,786)	**Total Unusable Reserves**		**(163,343)**

(a) Revaluation Reserve:

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment and Heritage Assets. 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 Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2019/20 £000	Revaluation Reserve	2020/21 £000	£000
(17,060)	Balance at 1 April		(21,507)
(3,478) *	Restatement of balance		0
(20,538)	Restated balance at 1 April		(21,507)
(3,970)	Upward revaluation of assets	(7,589)	
2,689	Downward revaluation of assets and impairment losses not charged to the Surplus on Provision of Services	3,877	
(1,281)	**(Surplus) or Deficit on revaluation of non current assets not posted to the (Surplus)/Deficit on the Provision of Services**		**(3,712)**
282	Difference between fair value depreciation and historical cost depreciation	299	
30	Accumulated gains on assets sold or scrapped	64	
312	**Net amount transferred to the Capital Adjustment Account**		**363**
(21,507)	**Balance at 31 March**		**(24,856)**

* An incorrect application of accounting entries between the Revaluation Reserve and the Capital Adjustment Account has resulted in a difference between the Revaluation Reserve balance in the Council's fixed asset register records and the reported Revaluation Reserve balance. The error meant the balances at 1 April 2019 on the Revaluation Reserve and Capital Adjustment Accounts were understated and overstated, respectively by £3.478 million. The 1 April 2019 balances have been restated to correct this error. It should be noted that as the Revaluation Reserve and Capital Adjustment Account are unusable reserves the restatement has not affected the total unusable reserves amount on the face of the Balance Sheet, and no other accounts are impacted.

(b) Capital Adjustment Account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the Comprehensive Income & Expenditure Statement with reconciling postings from the Revaluation Reserve to convert current value in existing use figures to a historical cost basis. The Account is credited with amounts set aside by the Council as finance for the costs of acquisition, construction or enhancement.

The Account contains accumulated gains and losses on Investment Properties. It also contains revaluation gains on Property, Plant & Equipment accumulated before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £000	Capital Adjustment Account		2020/21 £000
(190,937)	Balance at 1 April		(180,939)
3,478	Restatement of balance *		0
(187,459)	Restated balance at 1 April		(180,939)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
6,246	Charges for depreciation and impairment of non-current assets	4,374	
9,690	Revaluation (gains) / losses on Property, Plant & Equipment	6,595	
98	Amortisation of intangible assets	87	
1,706	Revenue expenditure funded from capital under statute	1,130	
1,610	Amounts of non-current assets written off on disposal as part of the gain / loss on disposal posted to the CIES	1,610	
19,350			13,796
278	Impairment/fair value movement on subsidiary company		(1,411)
0	Repayment of loan to subsidiary Company		4,757
(282)	Adjusting amounts written out of the Revaluation Reserve		(363)
19,346	**Net written out amount of the cost of non-current assets consumed in the year**		**16,779**
	Capital financing applied in the year:		
(807)	Use of the Capital Receipts Reserve to finance new capital expenditure	(7,982)	
(5,146)	Use of the Major Repairs Reserve to finance new capital expenditure	(3,513)	
(743)	Capital grants and contributions credited to the CIES that have been applied to capital financing	(1,067)	
(853)	Application of grants to capital financing from the Capital Grants Unapplied Account	(395)	
(665)	Statutory provision for the financing of capital investment charged against the General Fund balance	(664)	
(1,238)	Voluntary provision for the financing of capital investment charged against the HRA balance	(2,282)	
(3,359)	Capital expenditure charged against the General Fund and HRA balances	(2,064)	
(12,811)			**(17,967)**
(15)	Movements in the market value of Investment Properties credited to the CIES		(524)
(180,939)	**Balance at 31 March**		**(182,651)**

* see explanation of this adjustment included in note 22 (a) Revaluation Reserve.

(c) Pensions Reserve:

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and the funding of benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income & 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 Council makes employer's contributions to the pension fund, 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 Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/20 £000	Pensions Reserve	2020/21 £000
32,512	Balance at 1 April	28,531
(6,834)	Remeasurements of the net defined benefit liability	5,527
5,558	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	5,677
(2,705)	Employer's pensions contributions and direct payments to pensioners payable in the year	(2,938)
28,531	**Balance at 31 March**	**36,797**

(d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income & Expenditure Statement as it falls due from the council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20 £000	Collection Fund Adjustment Account	2020/21 £000
(247)	Balance at 1 April	27
151	Amount by which the council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(48)
123	Amount by which the non-domestic rates income credited to the Comprehensive Income & Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	7,063
27	**Balance at 31 March**	**7,042**

(e) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance and Housing Revenue Account 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 and Housing Revenue Account Balance is neutralised by transfers to or from the Account.

2019/20 £000	Accumulated Absences Account	2020/21 £000
91	Balance at 1 April	117
(91)	Settlement or cancellation of accrual made at the end of the preceding year	(117)
116	Amounts accrued at the end of the current year	475
26	Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	358
117	**Balance at 31 March**	**475**

(f) Pooled Investment Fund Fair Value Adjustment Reserve

In compliance with IFRS 9 the cumulative variance between the nominal value and the fair value of pooled investments held at the end of each year is taken to the reserve account.

2019/20 £000	Pooled Investment Fund Fair Value Adjustment Reserve	2020/21 £000
(195)	Balance at 1 April	985
0	Shortfall in value brought forward from previous year	0
1,180	(Increase) / decrease in value in current year	(1,135)
985	**Balance at 31 March**	**(150)**

23. Cash Flow Statement: Operating Activities

The cash flows for operating activities include the following items:

2019/20 £000	Cash Flow Statement: Operating Activities	2020/21 £000
1,246	Interest received	860
(1,883)	Interest paid	(1,794)

The (Surplus)/Deficit on Provision of Services has been adjusted for the following non-cash movements:

2019/20 £000	Adjustments for Non-Cash Movements	2020/21 £000
6,344	Depreciation and amortisation	4,461
9,659	Impairments and revaluations	6,595
42	Increase in impairment for bad debts	85
588	Increase in creditors	11,661
583	Increase in provisions	219
(639) *	(Increase)/ decrease in debtors	(1,282)
2,853	Movement in pension liability	2,739
1,640	Carrying amount of non-current assets sold or de-recognised	1,610
(15)	(Increase) / Decrease in fair value of investment property	(524)
2,029	Other non-cash items charged to the (Surplus)/Deficit on Provision of Services	(1,817)
23,084	**Total adjustment for non-cash movements**	**23,747**

* the loan to Sussex Weald Homes Limited (£0.650 million) is now shown within investing activities (see note 24)

The (Surplus)/Deficit on Provision of Services has been adjusted for the following items that are investing and financing activities:

2019/20 £000	Adjustments for Investing and Financing Activities	2020/21 £000
(2,847)	Proceeds from the sale of property, plant & equipment net of disposal costs	(2,916)
(8,138)	Capital grants credited to the Comprehensive Income and Expenditure Statement	(6,014)
(10,985)	**Total adjustment for items that are investing and financing activities**	**(8,930)**

24. Cash Flow Statement: Investing Activities

The investing activities include the following items:

2019/20 £000	Cash Flow Statement: Investing Activities	2020/21 £000
(9,966)	Purchase of property, plant & equipment, investment property, heritage assets and intangible assets	(15,400)
6,002	Proceeds/ (Purchase) of short term investments	(5,000)
2,847	Proceeds from the sale of property, plant & equipment	2,916
7,660	Capital grants received	6,870
(3,900)	Loan advance to Sussex Weald Homes Limited	4,550
0	(Purchase)/ Proceeds from long term investments	0
2,643	**Net cash flows from investing activities**	**(6,064)**

25. Cash Flow Statement: Financing Activities

2019/20 £000	Cash Flow Statement: Financing Activities	2020/21 £000

The financing activities include the following items:

0	Increase / (decrease) in Covid creditors (agency arrangements)	8,076
8,886	Net cash (payments)/receipts in respect of Section 106 Agreements	(4,985)
(1,612)	(Payments) / Receipts in respect of Preceptors' and Government's shares of net cash collected for Council Tax and Non Domestic Rates	(13,046)
(2,282)	Repayments of short and long term borrowing	(2,282)
4,992	**Net cash flows from financing activities**	**(12,237)**

26. Officer Remuneration, Exit Packages and Termination Benefits

Officer Remuneration:

The remuneration paid to the Council's senior employees is shown below.

Officer Remuneration		Salary (Including fees and allowances) £	Bonuses £	Expenses £	Total Remuneration excluding Pension Contributions £	Pension Contributions[9] £	Total Remuneration including Pension Contributions £
Chief Executive (Current)	2020/21	133,013	200	183	**133,396**	23,806	**157,202**
	2019/20	125,761	200	108	**126,069**	26,880	**152,949**
Director of Community & Customer Services	2020/21	98,905	200	187	**99,292**	17,710	**117,002**
	2019/20	100,296			**100,296**	17,744	**118,040**
Director of Planning, Policy & Environmental Services	2020/21	112,659	1,513	187	**114,359**	20,081	**134,440**
	2019/20	109,470	200		**109,670**	18,815	**128,485**
Chief Finance Officer (Section 151 Officer)[1]	2020/21	59,011		135	**59,146**	10,321	**69,467**
	2019/20				**0**		**0**
Chief Finance Officer (Section 151 Officer)[2]	2020/21				**0**		**0**
	2019/20	117,134			**117,134**	8,802	**125,936**
Head of Business Services	2020/21	77,579	1,067	187	**78,833**	13,753	**92,586**
	2019/20	75,710	1,046		**76,756**	13,005	**89,761**

Officer Remuneration		Salary (Including fees and allowances) £	Bonuses £	Expenses £	Total Remuneration excluding Pension Contributions £	Pension Contributions[9] £	Total Remuneration including Pension Contributions £
Head of Planning & Environmental Services[3]	2020/21	69,392	200	183	**69,775**	12,065	**81,840**
	2019/20	61,924	2,034	108	**64,066**	10,420	**74,486**
Acting Head of Housing[4]	2020/21	65,734	778	183	**66,695**	9,850	**76,545**
	2019/20				**0**		**0**
Head of Housing & Property Services[5]	2020/21	60,707	0	142	**60,849**	5,081	**65,930**
	2019/20	75,231	0	0	**75,231**	12,792	**88,023**
Head of Customer & Digital Services[6]	2020/21	52,527	0	135	**52,662**	9,131	**61,793**
	2019/20				**0**		**0**
Head of Customer Services[7]	2020/21				**0**		**0**
	2019/20	74,676	1,046		**75,722**	12,952	**88,674**
Head of Policy & Economic Development[8]	2020/21	75,965	200	183	**76,348**	13,241	**89,589**
	2019/20	70,649		108	**70,757**	11,929	**82,686**
Head of Policy & Economic Development (former)[9]	2020/21				**0**		**0**
	2019/20	117,874			**117,874**	11,425	**129,299**
Head of Commercial Assets[10]	2020/21	52,527	0	135	**52,662**	9,131	**61,793**
	2019/20				**0**		**0**
Legal Services Manager (Monitoring Officer)[11]	2020/21	81,738	0	183	**81,921**	14,319	**96,240**
	2019/20	73,470	2,362	108	**75,940**	13,257	**89,197**

[1] The Head of Financial Services was appointed into post on 01/07/20. Interim CFO support for 2020/21 was £64,000

[2] The Chief Finance Officer left the post on 31/10/19. Interim CFO support for 2019/20 was £144,000

[3] The Head of Planning & Environmental Services was appointed to the post on 01/02/20 following the appointment of the previous postholder to Head of Policy & Economic Development on 01/02/20

[4] The Acting Head of Housing was appointed to the post on 01/01/21.

[5] The Head of Housing & Property Services was in post until 30/06/20 when the post was redesignated as the Head of Housing. The postholder then left the post as from 31/12/20

[6] The Head of Customer & Digital Services was appointed to the post on 01/07/21

[7] The Head of Customer Services left the post as from 31/03/20

[8] The Head of Policy & Economic Development was appointed to the post on 01/02/20 having previously held the post of Head of Planning & Environmental Services

[9] The Head of Policy & Economic Development left the post as from 29/02/20

[10] The Head of Commercial & Assets was appointed to the post on 01/07/20

[11] The Legal Services Manager is the Council's Monitoring Officer with effect from 12/10/18. From 01/01/2020, the Legal Services Manager became the Head of Legal and Governance Services

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2019/20 No. of Employees	2020/21 No. of Employees
£50,000 - £54,999	4	6
£55,000 - £59,999	10	10
£60,000 - £64,999	1	3
£65,000 - £69,999	0	2
£70,000 - £74,999	1	1

Exit Packages:

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

Exit package cost band	Number of compulsory redundancies		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20 £000	2020/21 £000
£0 - £20,000	0	**0**	0	**1**	0	**1**
£20,000 - £40,000	0	**0**	0	**3**	0	**81**
£40,000 - £60,000	0	**0**	1	**0**	47	**0**
£60,000 - £80,000	0	**0**	1	**0**	65	**0**
Total cost included in bandings and in the CIES					**112**	**82**

Termination Benefits:

The Council terminated the contract of 4 employees in 2020/21 incurring a cost of £82,000 as set out in the table above. The Council terminated the contract of 2 employees in 2019/20.

27. Members Allowances

The Council paid the following amounts to members of the Council during the year:

2019/20 £000	Members Allowances	2020/21 £000
278	Allowances	269
14	Expenses	2
292	**Total**	**271**

28. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and the certification of grant claims.

2019/20 £000		External Audit Costs	2020/21 £000
43		Fees payable to the appointed auditor, with regard to external audit services carried out for the year	64
11		Fees payable for the certification of grant claim and returns for the year	3
25	*	Additional Fee for 2018/19	0
79		**Total**	**67**

*The additional fee paid in 2019/20 related to the 2018/19 accounts and was due to work largely relating to the valuation of the Council's assets. This was not agreed until February 2020, and was therefore included in 2019/20.

29. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

2019/20 £000	Grant Income	2020/21 £000
	Credited to Taxation and Non-specific Grant Income & Expenditure	
0	Rural Services Delivery Grant	206
35	EU Exit Funding Grant	0
1,898	New Homes Bonus Grant	1,825
3,614	Non Domestic Rates - Section 31 Grants Receivable from Government	9,633
7,712	General Fund Capital Grants and Contributions	4,921
0	New Burdens Grants	371
0	Taxation Income Guarantee (NNDR and Council Tax)	550
0	Covid Sales, Fees and Charges Grant	250
0	General Covid Grants	1,971
13,259	**Total**	**19,727**

The above amounts are included in Note 14. Taxation and Non-Specific Grant Income and Expenditure.

	Credited to Services	
24,298	Housing Benefit Subsidy	22,612
370	Housing Benefit & Localised Council Tax Support Administration Grants	376
223	Non Domestic Rates Cost of Collection Allowance	225
53	Individual Electoral Registration Grant	13
1,094	Disabled Facilities Grant	1,094
1,066	Other Government Grants	923
100	Other Non-government Grants and Contributions	124
	Council Tax Hardship Funding	689
	New Burdens Grant (service element)	127
0	Covid Grant - Additional Restrictions Grant	1,115

0	Covid Grant - Lockdown 1 Discretionary Grant	2,651
0	Covid Grant - Local Restrictions Support Grant Open	235
0	Covid Grant - Compliance and Enforcement Grant	61
0	Covid Grant -Test and Trace Administration Grant	55
27,204	**Total**	**30,300**

	Grants where the Council is acting as an Agent (Covid related)	
0	Local Restrictions Support Grant (LRSG)	6,677
0	Closed Business Lockdown Payment	4,661
0	Christmas Support Payment	45
0	Test and Trace funding	181
0	Small Business Grant and Retail, Hospitality & Leisure Grant (Lockdown 1)	38,485
0	**Total**	**50,049**

* Grants received in 2020/21 totalled £58.261 million of which £8.212 million was classified as a creditor

30. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

Central Government:

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides a substantial proportion of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are set out in Note 29 Grant Income.

Members:

Members of the Council have direct control over the Council's financial and operating policies.
Members are obliged by the Council's Constitution to record in a Members' Register of Interests any personal interest, financial and/or otherwise, in any business of the Council. The Members' Register of Interests, which is maintained by the Monitoring Officer, is open to public inspection at the Council's offices and is available on the Council's website.
In addition, Members are asked to complete an annual declaration of related party transactions.
The total of members' allowances paid in the year is shown in Note 27.

Six members of the Council are also members of East Sussex County Council.

Cabinet approved the awarding of Community Grants totalling £207,582 (2019/20: £210,178) to organisations in which non-Cabinet members are Trustees, board members or otherwise involved. Additionally, Cabinet approved the awarding of community grants totalling £8,129 (2019/20: £15,495) to organisations in which Cabinet members are trustees or otherwise involved. Details of these transactions are shown in the table below. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members were not involved in any discussion or decision relating to the award of the grants.

Additionally, a small number of payments to organisations in which members are involved were also made during the year. These are shown below. In all cases, the Council's financial procedure rules have been fully complied with and the relevant members were not involved in these transactions.

Organisation	2020/21 Amount £	Nature of Transaction
Manor Park & Hempstead Fields Residents Assoc	462.00	Community Grant
Polegate Town Council	120.00	Community Grant
Uckfield Men's Shed	1,500.00	Community Grant
Mayfield Scouts & Guides Charitable Trust	8,300.00	Community Grant
3VA	15,000.00	Community Grant
Conservators Of Ashdown Forest	10,000.00	Community Grant
Edeal	8,000.00	Community Grant
Framfield Parish Council	129.00	Community Grant
High Weald Joint Advisory Committee	7,200.00	Community Grant
Wealden Citizens Advice	165,000.00	Community Grant
Pevensey & Cuckmere Water Level Mgmt Brd	63,725.09	Special Levy
Upper Medway Internal Drainage Board	17,922.54	Special Levy
Nuffield Health	6,226.01	Medical Costs
South East Employers	6,110.00	Subscription Fees for the Council

Officers:

Officers are obliged under the code of conduct in the Council's Constitution to declare any personal interest, financial and/or otherwise, in any business of the Council. They are also required to record any gifts and/or hospitality received in a format prescribed and held by the Monitoring Officer. In addition, senior officers complete an annual declaration of related party transactions to confirm whether or not they had any qualifying interests in the year.

During 2020/21, there were no officer related party transactions.

Entities Controlled or Significantly Influenced by the Council

The related party transactions involving entities controlled or significantly influenced by the Council in 2020/21 are shown below.

Sussex Weald Homes Limited:

The Council controls Sussex Weald Homes Limited, Company number 10528563 incorporated on 15 December 2016, which is a private company limited by shares. The Council owns 100% of the issued share capital and holds the right to appoint and remove Directors. The Company's accounting period is 1 April to 31 March. As at 31 March 2021, the Directors of the company were Councillor N Waller, Councillor T Illingworth, Councillor G Johnson and the Director of Planning, Policy and Environmental Services. The Head of Legal & Governance Services acts as Company Secretary under a service level agreement.

The Council maintains proper governance and separation of duties by the Director of Governance and Corporate Services (Monitoring Officer) acting as shareholder and the Chief Finance Officer acting as funder to ensure that all share purchases and loan agreements meet proper commercial viability tests and that state aid is not given inappropriately. The company receives accounting services from Plummer Parsons LLP and legal advice from DMH Stallard LLP in order to ensure there are no conflicts of interest.

The Council has control of the company by virtue of being 100% shareholder and occupying all director positions. Therefore the Council has consolidated the company's financial performance and financial position to produce group accounts. Further details of the group accounts are on pages 129-139.

31. East Sussex Business Rates Pool

The Local Government Finance Act 2012 introduced the business rates retention system ("BRRS") from 1 April 2013. The arrangements enable local authorities to retain a proportion of the business rates generated in their area. Billing authorities collect rates on behalf of Central Government (50%), Major Preceptors — East Sussex County Council ("ESCC") (9%) and the East Sussex Fire Authority ("ESFA") (1%) — and themselves (40%).

The BRRS introduced a system of Tariffs and Top-ups, as well as Levy and Safety Net payments. 'Tariff' authorities are subject to a levy on any real terms growth in business rates at a maximum rate of 50%. In non-pooled areas the tariff is payable to the Government and is used to fund safety net payments to authorities which have seen significant reductions in business rates income.
In 2020/21, the Council, along with ESCC, ESFA, Eastbourne Borough Council, Hastings Borough Council, Lewes District Council and Rother District Council operated a pooling arrangement: the East Sussex Business Rates Pool (ESBRP).

The ESBRP achieved a net Pool gain of £4.224 million in 2020/21 which was distributed to the members of the Pool in proportionate shares. The Council's share of this gain was £0.785 million.

In 2019/20, the Council, along with ESCC, ESFA, Eastbourne Borough Council, Hastings Borough Council, Lewes District Council and Rother District Council operated a pilot arrangement, the East Sussex Business Rates Pilot. This was granted by central government for one year only (in line with other areas). The Pilot allowed a greater proportion of business rates growth to be retained locally, with Wealden's share increasing to 44%.

The pooling arrangements will continue for 2021/22.

The ESBRP results for 2020/21 are summarised in the following table (subject to Final NNDR figures and MHCLG guidance on the Taxation Income Guarantee Amount to be included in the Levy).

East Sussex Business Rates Pool 2020/21 Results	Percentage Share	Levy Payable to the Pool:	Administration Fees Deducted to Pay Pool Lead	Pool Gain distribution - Receivable by Pool Members	Net Amount (Receivable) / Payable by each Pool Member
		£	**£**	**£**	**£**
East Sussex County Council	40.00%	0		(1,689,510)	(1,689,510)
East Sussex Fire Authority	10.00%	0		(422,378)	(422,378)
Eastbourne Borough Council	9.13%	771,878		(385,631)	386,247
Hastings Borough Council	1.69%	143,027		(71,382)	71,645
Lewes District Council	10.25%	866,848		(432,937)	433,911
Rother District Council	10.35%	875,571		(437,161)	438,410
Wealden District Council	18.58%	1,571,453	(5,000)	(784,778)	781,675
East Sussex Business Rates Pool	**100.0%**	**4,228,777**	**(5,000)**	**(4,223,777)**	**0**

32. Capital Expenditure and Capital Financing

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

2019/20 £000	Capital Financing Requirement	2020/21 £000
81,314	Opening Capital Financing Requirement	83,108
	Capital Investment:	
8,988	Property, Plant & Equipment	15,599
3,900	Investment in Sussex Weald Homes Limited	207
	Decent Homes Loan	10
11	Intangible Assets	3
1,706	Revenue Expenditure Funded from Capital Under Statute	1,130
	Sources of finance:	
(807)	Capital Receipts	(3,225)
(1,596)	Government grants & contributions	(1,462)
(5,146)	Major Repairs Allowance	(3,513)
	Sums set aside from revenue:	
(3,359)	Capital expenditure charged to revenue	(2,064)
(665)	Minimum Revenue Provision (General Fund)	(664)
(1,238)	Voluntary Revenue Provision (HRA)	(2,282)
0	Use of Capital Receipts to repay Borrowing	(4,757)
83,108	**Closing Capital Financing Requirement**	**82,090**

2019/20 £000	Explanation of movements in the year	2020/21 £000
1,794	Increase / (Decrease) in underlying need to borrow (unsupported by government financial assistance)	(1,018)
1,794	**Increase / (Decrease) in Capital Financing Requirement**	**(1,018)**

The 2020/21 net decrease of £1.018 million in the underlying need to borrow includes a net reduction of £5.215 million for the General Fund and a net £4.197 million increase in the HRA borrowing requirement related to the HRA capital programme and business plan.

33. Operating Leases

Authority as Lessor

The Council leases out property under operating leases for the following purposes:

- Provide suitable affordable accommodation for local businesses
- Provide garden plots
- Provide accommodation to other local service providers

In December 2017, the Council purchased Vicarage Field Shopping Centre in Hailsham. The retail units within the shopping centre are currently being leased out under operating leases and the lease rents receivable for these units are included in the figures below.

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

31 March 2020 £000	Operating Leases - Lessor	31 March 2021 £000
688	Not later than one year	535
1,308	Later than one year and not later than five years	1,162
1,236	Later than five years	1,125
3,233		**2,823**

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. In 2020/21 £0.021 million contingent rents were receivable by the authority (2019/20 £0.113 million).

34. Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme ("LGPS") for its employees, administered by East Sussex County Council ("ESCC"), which is a defined benefit scheme. It is also a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Contribution rates for 2020/21 were determined at the formal triennial actuarial valuation of the Fund on 31 March 2019.

The East Sussex Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme. East Sussex County Council is the designated statutory body responsible for administering the East Sussex Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. The Pensions Committee has delegated authority for all pension related investment and administration decisions on behalf of the Administering Authority; ESCC.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The 31 March 2019 formal valuations for English and Welsh LGPS Funds were concluded by 31 March 2020.

Discretionary Post-retirement Benefits:

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits:

We 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 and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement, and Movement in Reserves Statement	**2019/20 £000**	**2020/21 £000**
Cost of Services		
Service Cost comprising:		
Current service cost	4,751	4,746
Past service cost including curtailments		23
Administration Expenses		144
Financing and Investment Income & Expenditure		
Net interest expense	807	764
Total post-employment benefits charged to the (Surplus)/Deficit on the Provision of Services	**5,558**	**5,677**
Other Post-employment Benefits Charged to Other Comprehensive Income & Expenditure		
Remeasurement of the Net Defined Benefit Liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	11,212	(24,600)
Actuarial (gains) and losses arising on changes in demographic assumptions	(4,840)	(2,519)
Actuarial (gains) and losses arising on changes in financial assumptions	(13,809)	34,745
Actuarial (gains) and losses arising on changes based on other experience *	603	(2,099)
Total post-employment benefits recognised in Other Comprehensive Income and Expenditure	**(6,834)**	**5,527**
Movement in Reserves Statement		
Reversal of net charges made to the (Surplus)/Deficit on Provision of Services for post-employment benefits in accordance with the Code	(5,558)	(5,677)
Actual amount charged against the General Fund Balance for pensions in the year:	2,705	2,938
Total movement	**(2,853)**	**(2,739)**

* In June 2019 The Government failed to obtain the right to appeal to the Supreme Court on the McCloud judgement, which reflected age discrimination in designing transitional arrangements in the move of public sector pension schemes from final salary to career average. This has given rise to a liability estimated by the Council's actuaries at £0.500 million as at 31 March 2021 (£0.500 million as at 31 March 2020) and this has been reflected in overall pension liabilities. It should be noted in line with the Code this allowance has been included in 2020/21 (and 2019/20) as other experience in the remeasurement of the net defined benefit liability within the Other Comprehensive Income and Expenditure.

Pensions Assets and Liabilities Recognised in the Balance Sheet:

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

Balance Sheet	**2019/20 £000**	**2020/21 £000**
Present value of funded liabilities	(154,476)	(187,697)
Present value of unfunded liabilities	(2,174)	(2,172)
Fair value of plan assets	128,119	153,072
Net liability arising from the defined benefit obligation	**(28,531)**	**(36,797)**

Reconciliation of the Movements in the Fair Value of Plan Assets	**2019/20 £000**	**2020/21 £000**
Opening fair value of plan assets at 1 April	138,153	128,119
Interest income	3,297	2,501
Administration Expenses	0	(144)
Remeasurement (gains) and losses:		
Return on plan assets (excluding the amount included in the net interest expense)	(11,212)	24,600
Contributions from employer	2,521	2,760
Contributions from employer in respect of unfunded benefits	184	178
Contributions from employees into the scheme	709	769
Benefits paid	(5,349)	(5,533)
Unfunded Benefits paid	(184)	(178)
Closing fair value of plan assets at 31 March	**128,119**	**153,072**

Reconciliation of the Present Value of the Scheme Liabilities	2019/20 £000	2020/21 £000
Opening balance at 1 April	170,665	156,650
Current service cost	4,751	4,746
Past service cost		23
Interest cost	4,104	3,265
Remeasurement (gains) and losses:		
Actuarial gains arising on changes in demographic assumptions	(4,840)	(2,519)
Actuarial (gains) and losses arising on changes in financial assumptions	(13,809)	34,745
Actuarial gains arising on changes based on other experience	603	(2,099)
Contributions from employees into the scheme	709	769
Benefits paid	(5,349)	(5,533)
Unfunded Benefits Paid	(184)	(178)
Closing balance at 31 March	**156,650**	**189,869**
Comprising:		
Present value of funded liabilities	(154,476)	(187,697)
Present value of unfunded liabilities	(2,174)	(2,172)
	(156,650)	**(189,869)**

The fair value of the plan assets held at 31 March 2021 comprised the following classes of assets. The values in the table below are at bid value as required under IAS19.

Asset Category	Total as at 31 March 2021 £000	Percentage of Total Assets %
Equities	116,029	75.7%
Bonds	22,923	15.0%
Property	11,517	7.5%
Cash	2,603	1.8%
Total	**153,072**	**100.0%**

The fair value of the plan assets held at 31 March 2020 comprised the following classes of assets. The values in the table below are at bid value as required under IAS19.

Asset Category	Total as at 31 March 2020 £000	Percentage of Total Assets %
Equities	90,964	71.0%
Bonds	21,780	17.0%
Property	12,812	10.0%
Cash	2,562	2.0%
Total	**128,118**	**100.0%**

Basis for Estimating Assets & 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 defined benefit liability has been estimated by Barnet Waddingham LLP, an independent firm of actuaries, based on the roll forward from the accounting valuation as at 31 March 2020, using financial assumptions that comply with IAS19.

The significant assumptions used by the actuary are shown below.

Financial Assumptions	31 March 2020	31 March 2021
	% p.a.	% p.a.
Pension Increase Rate	1.9%	2.9%
Salary Increase Rate	1.9%	2.9%
Discount Rate	2.3%	2.0%

Mortality Assumptions	31 March 2020	31 March 2021
	Years	Years
Longevity at 65 for current pensioners:		
Males	21.6	21.1
Females	23.9	23.7
Longevity at 65 for future pensioners:		
Males	22.5	21.9
Females	25.3	25

Sensitivity Analysis:

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out above. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are shown below. These have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method.

Change in Assumptions at 31 March 2021	£000's	£000's	£000's
Adjustment to Discount Rate	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	186,550	189,869	193,251
Projected service cost	5,156	5,287	5,421

Change in Assumptions at 31 March 2021 (Cont'd)	£000's	£000's	£000's
Adjustment to long term salary increase	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	190,077	189,689	189,663
Projected service cost	5,290	5,287	5,284
Adjustment to pension increases and deferred revaluation	**+0.1%**	**0.0%**	**-0.1%**
Present value of total obligation	193,012	186,869	186,780
Projected service cost	5,420	5,287	5,157
Adjustment to life expectancy assumptions	**+ 1 year**	**None**	**- 1 year**
Present value of total obligation	199,402	186,869	180,807
Projected service cost	5,540	5,287	5,045

Impact on the Council's Cash Flows:

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible using a stability overlay mechanism which dampens down short term market volatility subject to certain limits. The Pension Fund has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The 31 March 2019 formal valuations for English and Welsh LGPS were concluded by 31 March 2020.

The scheme takes account of the national changes that were introduced to the scheme under the Public Services Pensions Act 2013. The Act provided for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. Members started earning benefits under the new scheme from April 2014.

The Council expects to pay Employer's contributions for the period to 31 March 2022 of approximately £2.562 million.

	Liability Split as at 31 Mar 2021	
	£000	%
Active members	9,718	63.5%
Deferred members	967	6.3%
Pensioner members	4,611	30.1%
Total	**15,296**	**100.0%**

35. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks:

- Credit Risk - the possibility that other parties might fail to pay the amounts due to the Council.
- Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise the potential adverse effects on the resources available to fund services. Risk management is carried out by the Finance team, under policies approved by the Council in the Annual Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy. These include prudential indicators which determine:

- The Council's overall borrowing.
- Maximum exposure to fixed and variable rates.
- Maximum and minimum exposure of the maturity structure of the Council's debts.
- Maximum and minimum exposure of investments maturing beyond a year.

Credit Risk:

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, and other local authorities. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The credit limits applied in respect of the financial assets held by the Council at 31 March 2021 are detailed below.

- No more than £5 million invested with any one banking group.
- No more than £7 million loaned to any one local authority.
- No more than £5 million invested in any one Money Market Fund or Pooled Fund.
- Any balances over those set out above would be invested with the Debt Management Account Deposit Facility, managed by the UK Debt Management Office, an executive agency of HM Treasury.

A copy of the Annual Investment Strategy is available on the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks, deposit funds and loans to other local authorities of £67.4 million cannot be assessed generally as the risk of any institution failing to make interest payments or repay principal sums will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits but there was no evidence at 31 March 2021 that this was likely to crystallise.

The following table shows the credit risk applicable to all the Council's investments, and cash & equivalents.

Credit Rating	Long Term 31 March 2020 £000	Long Term 31 March 2021 £000	Short Term 31 March 2020 £000	Short Term 31 March 2021 £000
AAA				
AA+				
AA				
AA-				
A+			12,546	6,548
A				
A-				
BBB+				
Unrated local authorities			34,102	37,053
Unrated building societies				
Total	**0**	**0**	**46,648**	**43,601**
Credit risk not applicable	12,048	14,542	48	14,039
Total investments , cash & equivalents	**12,048**	**14,542**	**46,696**	**57,640**

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years.

Exposure Risk	Amount at 31 March 2021 £000	Historical experience of default %	Estimated maximum exposure to default and uncollect-ability at 31 March 2021 £000	Estimated maximum exposure at 31 March 2020 £000
	A	**B**	**(A x B)**	
Customers	4,095	11.8%	483	363

The Council does not generally allow extended credit for its customers so some of the £4.1 million balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows.

Credit Risk	31 March 2020 £000	31 March 2021 £000
Less than three months	2,151	2,840
Three to six months	98	818
Six months to one year	145	58
More than one year	188	379
	2,582	**4,095**

Liquidity Risk:

The Council has a robust cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has access to borrowings from the Public Works Loan Board for long term funding. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead the risk is that the Council will be bound to replenish a significant proportion of its fixed rate borrowings at a time of unfavourable interest rates. In order to address this risk, the Council sets limits on the proportion of its borrowing during specified periods. The maturity analysis of all the Council's financial liabilities and assets are as follows:

Time to maturity (years)	31 March 2020			31 March 2021		
	Liabilities	Assets	Net	Liabilities	Assets	Net
	£000	£000	£000	£000	£000	£000
Not over 1	(14,393)	53,916	39,523	(8,128)	61,853	53,725
Over 1 but not over 2	(2,282)	58	(2,224)	0	90	90
Over 2 but not over 5	(1,000)	59	(941)	(2,000)	0	(2,000)
Over 5 but not over 10	(10,628)	0	(10,628)	(11,910)	0	(11,910)
Over 10 but not over 20	(22,820)	0	(22,820)	(22,820)	0	(22,820)
Over 20 but not over 40	(9,864)	0	(9,864)	(7,582)	0	(7,582)
Over 40	0	0	0	0	0	0
Uncertain date	(14,342)	12,048	(2,294)	(14,249)	14,552	303
Total	**(75,329)**	**66,081**	**(9,248)**	**(66,689)**	**76,495**	**9,806**

All trade and other payables are due to be paid in less than one year.

The total balance of £17.251 million held in respect of Section 106 monies at 31 March 2021 will be due for payment to the County Council as and when conditions attached to each scheme have been fulfilled. The amount has been classified as either a short term or a long term creditor based on the expectations we have of payment timescales using the best information available at the reporting date. There is no significant exposure to liquidity risk in respect of this creditor because the monies are held in interest-earning accounts and are available to be paid, with notice of up to three months, as and when requested.

Market Risk:

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the (Surplus)/Deficit on Provision of Services would rise;
- Borrowings at fixed rates - the fair value of the liabilities would fall;
- Investments at variable rates - the interest income credited to the (Surplus)/Deficit on Provision of Services would rise;
- Investments at fixed rates - the fair value of the assets would fall.

All of the Council's borrowings are at fixed rates so there is no impact on the interest expense charged to the (Surplus)/Deficit on the Provision of Services. Borrowings are not carried at fair value so nominal gains and losses would not impact on the (Surplus)/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest receivable on variable rate investments will be posted to the (Surplus)/Deficit on the Provision of Services and affect the General Fund balance.

Consequently, the Council's exposure to interest rate risk is limited to the impact from any fall in interest rates on the interest receivable from variable rate investments. The most of the year the Council sought to utilise its interest-bearing bank account and short-dated deposits (overnight to three months) in order to benefit from compounding of interest whilst reducing exposure to interest rate fluctuations, before the effects of Covid impacted on interest rates.

The effect of a 1% rise in interest rates as at 31st March 2021 and a 5% fall in property & equity prices as at 31st March 2021 would be :

Sensitivity to Interest Rate Changes	**31 March 2020 £000**	**31 March 2021 £000**
Increase in interest payable on variable rate borrowings	0	0
Increase in interest receivable on variable rate investments	(298)	(428)
Decrease in fair value of investments held at FVPL	88	182
Impact on the (Surplus)/Deficit on the Provision of Services	**(210)**	**(246)**
Decrease in fair value of available for sale investments	0	0
Impact on Comprehensive Income and Expenditure	**(210)**	**(246)**
Decrease in fair value of loans and investments at amortised cost	109	70
Decrease in fair value of fixed rate borrowing	(6,139)	(4,300)
5% fall in property prices	(31)	(26)
5% fall in equity prices	(302)	(335)

Price Risk:

The Council's investments in Pooled Funds - the CCLA Diversified Income Fund, Ninety One Diversified Income Fund & Aegon Diversified Income Fund includes bonds, equity and property investments, and is therefore subject to the risk of falling commercial property and share prices. This risk is limited by the diversified nature of the Fund portfolio which is structured to control relative risk, and the Council's maximum exposure of £10 million.

The Council has no financial assets or liabilities denominated in foreign currency. Therefore there is no exposure to Foreign Exchange Risk.

Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with international financial reporting standards, rather than the amount to be funded from rents and government grants. The Council charges rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2019/20 £000	Housing Revenue Account Income and Expenditure Statement	2020/21 £000	£000
	Expenditure		
3,095	Repairs and maintenance	2,945	
3,942	Supervision and management	3,592	
127	Rents, rates, taxes and other charges	178	
5,308	Depreciation and amortisation of non-current assets	3,483	
57	Debt management costs	64	
167	Movement in the debt impairment allowance	23	
9,023	Gain on revaluation of non-current assets	5,306	
21,719	**Total Expenditure**		**15,591**
	Income		
(13,615)	Dwelling rents	(13,472)	
(176)	Non-dwelling rents	(162)	
(1,142)	Charges for services and facilities	(1,290)	
(306)	Contributions towards expenditure	(348)	
(15,239)	**Total Income**		**(15,272)**
6,480	**Net expenditure for HRA services as included in the whole Council Comprehensive Income and Expenditure Statement**		**319**
287	HRA Services' share of Corporate and Democratic Core costs		335
6,767	**Net Income for HRA Services**		**654**
	HRA share of the operating income and expenditure in the whole Council Comprehensive Income and Expenditure Statement:		
(1,197)	(Gain) / Loss on disposal of HRA non-current assets		(694)
1,874	Interest payable and similar charges		1,775
0	Financial Instruments adjustments		109
(132)	Interest and investment income		(76)
94	Net interest on the net defined benefit liability		89
0	Capital grants and contributions receivable		(427)
7,406	**Deficit for the year on HRA Services**		**1,430**

Movement on the Housing Revenue Account Statement

2019/20 £000	Movement on the Housing Revenue Account Statement	2020/21 £000	£000
(5,348)	Balance on the HRA at the end of the previous reporting period		**(5,034)**
7,406	Deficit for the year on the HRA Income and Expenditure Statement	1,430	
	Adjustments between accounting basis and funding basis under statute:		
(14,733)	Transfers to / from the Capital Adjustment Account[2]	(7,671)	
0	Capital expenditure charged to revenue	1,191	
2,837	Transfer to the Usable Capital Receipts Reserve	2,285	
5,308	Transfer to the Major Repairs Reserve	3,483	
(535)	HRA share of contributions to the Pensions Reserve	(417)	
0	HRA share of transfers to the Accumulated Absences Account	(37)	
283	**Net increase before transfers to or from earmarked reserves**	**264**	
31	Transfers to / (from) earmarked reserves	(8)	
314	**(Increase)/ decrease in the year on the HRA**		**256**
(5,034)	**Balance on the HRA at the end of the current reporting period**		**(4,778)**

[2] Transfers to / from Capital Adjustment Account comprise:

(5,308)	Reversal of depreciation and amortisation	(3,483)
(9,023)	Reversal of revaluation gains credited to the (Surplus)/Deficit on the provision of services	(5,306)
0	Capital grants & contributions applied	427
1,238	Voluntary provision for financing of capital investment	2,282
(1,640)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(1,591)
(14,733)	**Total**	**(7,671)**

Notes to the Housing Revenue Account

1. Housing Stock

The numbers and types of dwellings in the Council's housing stock at 31 March are as follows:

31 March 2020 Stock Numbers	Housing Stock	31 March 2021 Stock Numbers	
	Houses and Bungalows:		
124	One bedroom	124	
571	Two bedrooms	577	
811	Three bedrooms	808	
34	Four or more bedrooms	35	1,544
	Flats:		
1,102	One bedroom	1,111	
342	Two bedrooms	347	
3	Three bedrooms	3	1,461
2,987	**Total Housing Stock**		**3,005**

The Council had, at the same date, shared ownership arrangements covering 85 properties (31 March 2020: 79) in total; 77 of these properties within retirement living courts and eight partly sold under the Right To Buy regulations.

2. Rent Arrears and Impairment Allowance for Uncollectable Debts

Rent Arrears:

Rent arrears at 31 March were as follows:

31 March 2020 £000	Rent Arrears and Impairment Allowance for Uncollectable Debts	31 March 2021 £000
445	Current tenants	511
171	Former tenants	294
616	**Total arrears**	**805**

Rent arrears as a percentage of total rent receivable for the year were 5.97% (2019/20: 4.52%). The total amount of arrears written off during the year was £0.022 million (2019/20: £0.160 million). £133 of this amount was in respect of former tenant arrears (2019/20: £8,596).

Impairment Allowance for Uncollectable Debts:

The amount to be set aside from revenue to provide for non-payment of rent is determined by reference to the nature and level of the arrears outstanding at the end of the financial year. The balance sheet impairment allowance in respect of uncollectable rent debts as at 31 March 2021 is £0.383 million; an increase of £109,300 on the 31 March 2020 position.

Notes to the Housing Revenue Account

3. Asset Valuation

The balance sheet values of the assets within the Council's HRA are as follows:

31 March 2020 £000	Asset Valuation	31 March 2021 £000
191,092	Council Dwellings (Social Rents)	196,261
20,574	Council Dwellings (Affordable Rents)	24,656
3,883	Other Land & Buildings	3,308
279	Assets Under Construction	1,220
0	Intangible Assets	0
215,828	**Total**	**225,445**

Council Dwellings Valuation Basis:

Council dwellings are revalued annually, for resource accounting purposes, according to their existing use for social housing. Under this method, the open market value of the stock is reduced by a regional adjustment factor determined in accordance with Government guidance to reflect the status of the properties as social housing. The details of the factor used and the corresponding open market (vacant possession) values of council dwellings are set out below.

Council Dwellings Let at Social Rents:

The regional adjustment factor used for dwellings let at social rents is 67% (2019/20 - 67%), thereby reducing the balance sheet value of these dwellings to 33% (2019/20 - 33%) of their open market value.

The open market (vacant possession) value of these dwellings at the valuation date of 31 March 2021 was £594.731 million, as valued by the valuers Wilks Head & Eve LLP, compared with the value of £196.261 million for its existing use as social housing which is reflected in the balance sheet.

The difference of £398.47 million represents the cost to the Government of providing council housing at less than open market rents.

Council Dwellings Let at Affordable Rents:

A total of 236 dwellings included in the stock held at 31 March 2021 (31 March 2020: 199) are let on an 'affordable rent' basis which is closer to market rent values than social rents. Consequently, a different regional adjustment factor is required in determining the existing use valuation as social housing for these dwellings. The adjustment factor used has been determined by a professional valuer in accordance with Government guidance.

The regional adjustment factor used for dwellings let at affordable rents is 50% (2019/20 - 50%), thereby reducing the balance sheet value of these dwellings to 50% of their open market value.

Notes to the Housing Revenue Account

The open market (vacant possession) value of these dwellings at the valuation date of 31 March 2021 was £49.311 million, as valued by the valuers Wilks Head & Eve LLP, compared with the value of £24.656 million for its existing use as social housing which is reflected in the balance sheet. The difference of £24.656 million represents the cost to the Government of providing council housing at less than open market rents.

4. Depreciation and Amortisation

Depreciation of the housing stock has been calculated using the existing use for social housing valuation of individual building components and the useful economic lives determined for each.

Depreciation and amortisation charges to the HRA have been made as follows:

2019/20 £000	Depreciation and Amortisation	2020/21 £000
5,287	Council Dwellings	3,451
21	Other Land & Buildings	31
0	Intangible Assets	0
5,308	**Total**	**3,482**

5. Capital Expenditure and Financing

The total capital expenditure during the year on land, houses and other property within the HRA is analysed below according to the source of funding:

2019/20 £000	Capital Expenditure and Financing	2020/21 £000
0	Revenue contribution	1,191
662	Loan	6,479
4,282	Major Repairs Reserve	3,513
0	Grants and contributions	427
807	Capital receipts	3,225
5,751	**Total HRA capital expenditure**	**14,835**

Notes to the Housing Revenue Account

6. Major Repairs Reserve

The Major Repairs Reserve is an earmarked fund to which the Council transfers an amount annually to support capital spending on council dwellings. The analysis of the movement on the Major Repairs Reserve for the year is shown below:

2019/20 £000	Major Repairs Reserve	2020/21 £000
(780)	Balance on the reserve at 1 April	(942)
(5,308)	Amount transferred to the reserve during the year	(3,483)
5,146	Financing of capital expenditure in the year	3,513
(942)	Balance on the reserve at 31 March	**(912)**

7. Capital Receipts

Receipts from the sale of HRA assets are summarised below:

2019/20 £000	Capital Receipts	2020/21 £000
2,432	Sale of council houses (Right to Buy scheme)	1,532
128	Sale of shared ownership properties (Retirement Living Court dwellings)	211
	Sale of shared ownership properties (New Build Homes)	388
278	Sale of shared ownership properties (Moat Homes)	155
2,838	**Total gross capital receipts**	**2,286**
(334)	Less amount paid to national pool	(334)
2,504	**Total net capital receipts**	**1,952**

Collection Fund Statement

2019/20				2020/21		
Council Tax	Non-domestic Rates	Total	Collection Fund Statement	Council Tax	Non-domestic Rates	Total
£000	£000	£000		£000	£000	£000
			Income			
(131,276)		(131,276)	Council Tax receivable	(138,058)		(138,058)
	(34,017)	(34,017)	Non domestic rates receivable		(34,171)	(34,171)
17		17	Council Tax Benefits	16		16
1	544	545	Transitional Protection	1	9	10
(38)		(38)	Council Tax Hardship Relief (including additional Covid Hardship relief)	(646)		(646)
			Non domestic rates Covid reliefs for Retail, Hospitality, Leisure and Nurseries		16,532	16,532
	1,271	1,271	Discretionary Relief		149	149
(131,296)	**(32,202)**	**(163,498)**	**Total Income**	**(138,687)**	**(17,481)**	**(156,168)**
			Expenditure			
			Precepts, Demands & Shares			
	7,838	7,838	Central Government Share NDR		16,497	16,497
93,343	8,151	101,494	East Sussex County Council	97,987	2,969	100,956
12,355		12,355	Police & Crime Commissioner for Sussex	13,129		13,129
6,094	1,567	7,661	East Sussex Fire Authority	6,274	330	6,604
19,071	13,794	32,865	Wealden District Council	19,957	13,197	33,154
130,863	31,350	162,213		137,347	32,993	170,340
			Apportionment of Previous Year Surplus			
	42	42	Central Government		45	45
712	7	719	East Sussex County Council	4	(9)	(5)
85		85	Police & Crime Commissioner for Sussex	1		1
47	1	48	East Sussex Fire Authority	0	(3)	(3)
146	33	179	Wealden District Council	1	17	18
990	83	1,073		6	50	56
			Charges to the Collection Fund			
397	112	509	Write-offs of uncollectable amounts	429	135	564
74	94	168	(Decrease) / Increase in allowance for impairment of debts	567	229	796
	968	968	Increase in provision for outstanding appeals		1,316	1,316
	223	223	Cost of collection allowance		225	225
	194	194	Transfer Renewable Energy Disregards to General Fund		189	189
	(544)	(544)	Transfer Transitional Protection Payments to General Fund		9	9
471	1,047	1,518		996	2,103	3,099
132,324	**32,480**	**164,804**	**Total Expenditure**	**138,349**	**35,146**	**173,495**
1,028	**278**	**1,306**	**(Surplus) / Deficit arising during the year**	**(338)**	**17,665**	**17,327**
(1,087)	(212)	(1,299)	(Surplus)/Deficit brought forward at 1 April	(59)	66	7
(59)	**66**	**7**	**(Surplus) / Deficit carried forward at 31 March**	**(397)**	**17,731**	**17,334**

Notes to the Collection Fund

1. Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

Any Collection Fund surplus or deficit declared by the billing authority in relation to council tax is apportioned to the relevant precepting bodies in the subsequent financial year.

Since April 2013, the business rates retention scheme has been in operation. This allows local authorities and fire and rescue authorities to retain a proportion of any increases in non-domestic rates revenue to invest in local services. This also increases the financial risk borne by local authorities in respect of non-collection of non-domestic rates. Any Collection Fund surplus or deficit in relation to non-domestic rates is apportioned to Central Government and to the local precepting bodies in the subsequent financial year.

2. Council Tax Base

The council tax base for 2020/21 was calculated in accordance with the Local Authorities (Calculation of Council Tax Base)(England) Regulations 2012. There are eight valuation bands in which dwellings are placed for council tax purposes, from band A at the lower end to band H for the highest value properties. Council tax is calculated in terms of band D, which is the median band. As different amounts of tax are payable in respect of each valuation band, the number of dwellings in the various bands must be converted to a “band D equivalent” to allow council tax to be calculated as a "Band D" amount. The calculation of the 2020/21 council tax base is set out below.

Valuation Band	Number of Chargeable Dwellings	Proportion of Band D Council Tax	Equivalent Band D Dwellings
A - Disabled reduction	10.0	$^{5}/_{9}$	5.6
A	2,568.5	$^{6}/_{9}$	1,712.3
B	5,712.3	$^{7}/_{9}$	4,442.9
C	13,957.9	$^{8}/_{9}$	12,407.0
D	12,799.2	$^{9}/_{9}$	12,799.2
E	10,270.1	$^{11}/_{9}$	12,552.4
F	7,091.1	$^{13}/_{9}$	10,242.7
G	6,486.8	$^{15}/_{9}$	10,811.4
H	849.7	$^{18}/_{9}$	1,699.3
Total (adjusted for decimal roundings)			66,674.3
Collection Rate			98.5%
Tax Base for 2020/21			**65,674.2**

The Council levied an average charge of £2,091.34 per Band D property for Council Tax purposes in 2020/21. Actual Band D charges set ranged between £1,984.90 and £2,163.30 dependent upon the amount of precept set in each parish.

3. Non domestic Rates

Rateable Value:

Every non-domestic property in England, unless it is exempt, has a rateable value. This figure broadly represents the yearly rent a property could have been let for on the open market on a particular date. The Valuation Office Agency revalues properties every five years. For the revaluation that took effect from 1 April 2017, this date was set as 1 April 2015. The rateable value for the Council's area at 31 March 2021 was £95,614,453; at 31 March 2020, it was £95,235,764.

Multiplier:

Each year the Government sets two multipliers or 'poundages'. Details of the two multipliers for 2020/21 are as follows:

- *The small business multiplier* - applies to those who qualify for small business relief, was set at 49.9 pence in the pound.
- *The standard multiplier* - applies to everyone else, was set at 51.2 pence in the pound.

Group Accounts and Explanatory Notes

Introduction

The purpose of the Group Accounts is to provide a picture of Wealden District Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- *Group Comprehensive Income and Expenditure Statement* - summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- *Group Movement in Reserves* - shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group reserves.
- *Group Balance Sheet* - reports the Council Group financial position at the year-end.
- *Group Cash Flow Statement* - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, financing and investing activities.
- *Notes to the Group Accounts* where the balances are materially different to those in the single entity accounts.

Results of the Subsidiary

The following notes provide additional details about the Authority's involvement in the entity consolidated to form the group accounts.

Sussex Weald Homes Limited

The company is a housing development vehicle for the Council and is structured as a private company limited by shares. The Council holds 3,429,220 Ordinary shares of £1 in the company. The Council has dominant control of the company by virtue of being 100% shareholder, and Councillors & Officers occupy all director positions thereby having guaranteed majority voting rights on the Board. The company builds property to sell or rent to the Council (i.e. affordable homes) and to the public.

For 2020/21, the company's results showed a surplus of £1.359 million (£0.493 million deficit in 2019/20), and net assets of £4.392 million (£3.033 million at 31 March 2020). There were no loans outstanding from the company at 31 March 2021 (£4.550 million at 31 March 2020).

A copy of the company's accounts can be obtained from the Directors, Council Offices, Vicarage Lane, Hailsham, East Sussex, BN27 2AX. The accounts are compiled by Plummer Parsons Chartered Accountants.

Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement ("CIES") shows the accounting cost in the year of providing services in the Group, in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost.

2019/20				2020/21		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**		**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
342	(3)	339	Members	317	0	317
8,072	(1,635)	6,437	Chief Executive's Directorate	34,660	(28,947)	5,713
40,682	(30,904)	9,778	Directorate of Community & Customer Services	23,324	(12,939)	10,385
8,275	(3,618)	4,657	Directorate of Planning, Policy & Environmental Services	8,597	(5,765)	2,832
(161)	0	(161)	Central Costs	(176)	0	(176)
21,719	(15,238)	6,481	Housing Revenue Account	15,591	(15,272)	319
78,929	**(51,398)**	**27,531**	**Cost of Services**	**82,313**	**(62,923)**	**19,390**

Group Comprehensive Income and Expenditure Statement (Continued)

2019/20		2020/21	
	Net Expenditure £000		**Net Expenditure £000**
	5,790	Other operating expenditure	6,106
	2,903	Financing and investment income and expenditure	(197)
	(35,428)	Taxation and non-specific grant income and expenditure	(35,377)
	796	**(Surplus)/Deficit on the Provision of Services**	**(10,078)**
	(115)	Tax charge of subsidiaries	322
	681	**Group (Surplus) / Deficit**	**(9,756)**
		Items that will not be reclassified to the Surplus on Provision of Services	
	(1,281)	(Surplus) / Deficit on revaluation of non-current assets	(3,712)
	(6,834)	Remeasurement of the net defined benefit liability	5,527
	(8,115)	**Other Comprehensive Income and Expenditure**	**1,815**
	(7,434)	**Total Comprehensive Income and Expenditure**	**(7,941)**

Group Movement in Reserves Statement

The Group Movement in Reserves Statement (" Group MIRS") shows the movement from the start of the year to the end on the different reserves held by the Council's Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's Group reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments, prior to any discretionary transfers to earmarked reserves undertaken by the Council.

Group Movement in Reserves during 2020/21	Non-Earmarked General Fund Reserves £000	Earmarked General Fund & HRA Reserves £000	General Fund Balance - Total £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council's share of the Reserves of the Subsidiary £000	Total Group Reserves £000
Balance at 1 April 2020	**(7,412)**	**(24,454)**	**(31,866)**	**(5,034)**	**(8,274)**	**(942)**	**(16,760)**	**(62,876)**	**(172,786)**	**(235,662)**	**31**	**(235,631)**
Total Comprehensive Income and Expenditure	(10,883)	0	(10,883)	1,430	0	0	0	(9,453)	1,815	(7,638)	(1,375)	(9,013)
Adjustments between group accounts and authority accounts	1,241	0	1,241	0	0	0	0	1,241	0	1,241	316	1,557
Adjustments between accounting basis and funding basis under regulations	(2,583)	0	(2,583)	(1,166)	643	30	(4,552)	(7,628)	7,628	0	0	0
Net (increase) / decrease before transfers to Earmarked Reserves	**(12,225)**	**0**	**(12,225)**	**264**	**643**	**30**	**(4,552)**	**(15,840)**	**9,443**	**(6,397)**	**(1,059)**	**(7,456)**
Transfers to / (from) Earmarked Reserves	16,166	(16,158)	8	(8)	0	0	0	0	0	0	0	0
(Increase) / Decrease in 2020/21	**3,941**	**(16,158)**	**(12,217)**	**256**	**643**	**30**	**(4,552)**	**(15,840)**	**9,443**	**(6,397)**	**(1,059)**	**(7,456)**
Balance at 31 March 2021	**(3,471)**	**(40,612)**	**(44,083)**	**(4,778)**	**(7,631)**	**(912)**	**(21,312)**	**(78,716)**	**(163,343)**	**(242,059)**	**(1,028)**	**(243,087)**

Group Movement in Reserves during 2019/20	Non-Earmarked General Fund Reserves £000	Earmarked General Fund & HRA Reserves £000	General Fund Balance - Total £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000	Council's share of the Reserves of the Subsidiary £000	Total Group Reserves £000
Balance at 1 April 2019	**(7,096)**	**(23,137)**	**(30,233)**	**(5,348)**	**(6,568)**	**(780)**	**(9,521)**	**(52,450)**	**(175,836)**	**(228,286)**	**89**	**(228,197)**
Total Comprehensive Income and Expenditure	(6,572)	0	(6,572)	7,406	0	0	0	834	(8,115)	(7,281)	493	(6,788)
Adjustments between group accounts and authority accounts	(95)	0	(95)	0	0	0	0	(95)	0	(95)	(551)	(646)
Adjustments between accounting basis and funding basis under regulations	5,065	0	5,065	(7,123)	(1,706)	(162)	(7,239)	(11,165)	11,165	0	0	0
Net (increase) / decrease before transfers to Earmarked Reserves	**(1,602)**	**0**	**(1,602)**	**283**	**(1,706)**	**(162)**	**(7,239)**	**(10,426)**	**3,050**	**(7,376)**	**(58)**	**(7,434)**
Transfers to / (from) Earmarked Reserves	1,286	(1,317)	(31)	31	0	0	0	0	0	0	0	0
(Increase) / Decrease in 2019/20	**(316)**	**(1,317)**	**(1,633)**	**314**	**(1,706)**	**(162)**	**(7,239)**	**(10,426)**	**3,050**	**(7,376)**	**(58)**	**(7,434)**
Balance at 31 March 2020	**(7,412)**	**(24,454)**	**(31,866)**	**(5,034)**	**(8,274)**	**(942)**	**(16,760)**	**(62,876)**	**(172,786)**	**(235,662)**	**31**	**(235,631)**

Group Balance Sheet

The Group Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Council's Group. The net assets of the Council's Group (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are those reserves that the Council's Group 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 is those reserves that cannot be used to provide services. This category includes reserves used to hold unrealised gains and losses (e.g. Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2020 £000		Notes	31 March 2021 £000
277,444	Property Plant and Equipment	[2]	281,883
734	Heritage Assets		809
181	Intangible Assets		98
1,883	Investment Property		2,406
9,015	Long-term Investments		10,150
117	Long-term Debtors		100
289,374	**Long-term Assets**		**295,446**
19	Assets Held for Sale		0
8,065	Short-term Investments		13,040
4,975	Inventories	[3]	86
9,298	Short-term Debtors		20,408
116	Short-term Tax Asset		23
39,391	Cash and Cash Equivalents		49,265
61,864	**Current Assets**		**82,822**
(3,329)	Short-term Creditors - MHCLG S31 Grant		(22,002)
(17,953)	Short-term Creditors - Other		(12,517)
0	Short-term Tax Liability		(230)
(2,334)	Short-term Borrowing		(2,333)
(2,524)	Provisions		(2,742)
(26,140)	**Current Liabilities**		**(39,824)**
(14,342)	Long-term Creditors		(14,249)
(46,594)	Long-term Borrowing		(44,312)
(28,531)	Net Pensions Liabilities		(36,797)
(89,467)	**Long-term Liabilities**		**(95,358)**
235,631	**Net Assets**		**243,087**
(62,876)	Usable Reserves		(78,716)
(172,786)	Unusable Reserves		(163,343)
31	Council's share of the Reserves of the Subsidiary		(1,028)
(235,631)	**Total Reserves**		**(243,087)**

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Council's Group during the reporting period. The statement shows how the Council's Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council's Group are funded by way of taxation and grant income or from the recipients of services provided by the Council's Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's Group 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's Group.

2019/20 £000		Notes	2020/21 £000
(681)	Net surplus/(deficit) on the provision of services		9,756
22,340	Adjustments to the net surplus on provision of services for non-cash movements	[4]	25,249
(10,985)	Adjustments for items included in the net surplus on provision of services that are investing and financing activities		(8,930)
10,674	**Net cash flows from Operating Activities**		**26,075**
2,952	Net cash flows from Investing Activities	[5]	(3,964)
4,992	Net cash flows from Financing Activities		(12,237)
18,618	**Net increase / (decrease) in cash and cash equivalents**		**9,874**
20,773	Cash and cash equivalents at the beginning of the reporting period		39,391
39,391	Cash and cash equivalents at the end of the reporting period		**49,265**

1. Accounting Policies for the Group

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards ("IFRS").

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Sussex Weald Homes Limited have been consolidated because it is material to the Council's balance sheet.

The results of Sussex Weald Homes Limited has been consolidated on a line by line basis as a subsidiary.

Where the company uses different accounting policies to the Council, its accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line by line basis.

2. Group Property, Plant and Equipment

This note provides a reconciliation from the carrying amount of Group's property, plant and equipment at the beginning of the period to the carrying amount at the end of the period with details of all movements.

Property, Plant and Equipment 2020/21	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 1 April 2020	211,666	54,653	851	5,851	2,192	2,515	**277,728**
Additions	10,780	72	260	108	357	4,022	**15,599**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,224	(2,315)			97		**6**
Revaluation increases / (decreases) recognised in the Surplus on Provision of Services	(5,219)	(1,993)			72		**(7,140)**
Derecognition - disposals	(1,615)		(51)				**(1,666)**
Assets re-classified from Assets Under Construction	3,081					(5,317)	**(2,236)**
Assets re-classified as Held for Sale							**0**
At 31 March 2021	**220,917**	**50,417**	**1,060**	**5,959**	**2,718**	**1,220**	**282,291**

Property, Plant and Equipment 2020/21	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Accumulated Depreciation & Impairment							
At 1 April 2020	0	0	(284)	0	0	0	**(284)**
Depreciation charge	(3,451)	(736)	(175)				**(4,362)**
Depreciation written out to the Revaluation Reserve on revaluation	3,260	355					**3,615**
Depreciation written out to the Surplus on Provision of Services on revaluation	167	381					**548**
De-recognition - Disposals	24	0	51				**75**
At 31 March 2021	**0**	**0**	**(408)**	**0**	**0**	**0**	**(408)**
Net Book Value at 31 March 2021	**220,917**	**50,417**	**652**	**5,959**	**2,718**	**1,220**	**281,883**
Net Book Value at 31 March 2020	**211,666**	**54,653**	**567**	**5,851**	**2,192**	**2,515**	**277,444**

Property, Plant and Equipment 2019/20	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Cost or Valuation							
At 1 April 2019	210,156	56,101	1,568	2,836	234	14,042	**284,937**
Additions	4,703	615	165	97	1,860	3,060	**10,500**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(3,133)	(1,614)			7		**(4,740)**
Revaluation increases / (decreases) recognised in the Deficit on Provision of Services	(10,047)	(431)			91		**(10,387)**
Derecognition - disposals	(1,682)	0	(882)				**(2,564)**
Assets re-classified from Assets Under Construction	11,669			2,918		(14,587)	**0**
Assets re-classified as Held for Sale		(18)					**(18)**
At 31 March 2020	**211,666**	**54,653**	**851**	**5,851**	**2,192**	**2,515**	**277,728**

Property, Plant and Equipment 2019/20	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant & Equipment £000
Accumulated Depreciation & Impairment							
At 1 April 2019	0	(34)	(931)	0	(19)	0	**(984)**
Depreciation charge	(5,287)	(721)	(235)		(3)		**(6,246)**
Depreciation written out to the Revaluation Reserve on revaluation	4,946	376			5		**5,327**
Depreciation written out to the Deficit on Provision of Services on revaluation	300	379			17		**696**
De-recognition - Disposals	41	0	882				**923**
At 31 March 2020	**0**	**0**	**(284)**	**0**	**0**	**0**	**(284)**
Net Book Value at 31 March 2020	**211,666**	**54,653**	**567**	**5,851**	**2,192**	**2,515**	**277,444**
Net Book Value at 31 March 2019	**210,156**	**56,067**	**637**	**2,836**	**215**	**14,042**	**283,953**

Details of the Council's property plant and equipment are shown in Note 15 to the single entity accounts.

3. Inventories

The carrying amount of Group inventories as 31 March 2021 is £86,000 (£4.975 million as at 31 March 2020).

4. Group Cash Flow Statement: Operating Activities

The Surplus on Provision of Services has been adjusted for the following non-cash movements:

2019/20 £000	Adjustments for Non-Cash Movements	2020/21 £000
6,344	Depreciation and amortisation	4,461
9,659	Impairments and revaluations	6,595
42	Increase in impairment for bad debts	85
247	Increase in creditors	11,741
583	Increase in provisions	219
(639)	(Increase)/ decrease in debtors	(1,282)
2,853	Movement in pension liability	2,739
1,640	Carrying amount of non-current assets sold or de-recognised	1,610
(15)	(Increase) / Decrease in fair value of investment property	(524)
1,626	Other non-cash items charged to the (Surplus)/Deficit on Provision of Services	(395)
22,340	**Total adjustment for non-cash movements**	**25,249**

5. Group Cash Flow Statement: Investing Activities

The investing activities include the following items:

2019/20 £000	Cash Flow Statement: Investing Activities	2020/21 £000
(13,557)	Purchase of property, plant & equipment, investment property, heritage assets and intangible assets	(15,767)
6,002	Proceeds/ (Purchase) of short term investments	(5,000)
2,847	Proceeds from the sale of property, plant & equipment	9,933
7,660	Capital grants received	6,870
0	(Purchase)/ Proceeds from long term investments	0
2,952	**Net cash flows from investing activities**	**(3,964)**

Glossary of Terms

Accounting Period
The length of time covered by the accounts. In the case of these accounts, it is the year from 1 April to 31 March.

Accruals Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial Gains and Losses
Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Balances
These represent the accumulated surplus of revenue income over expenditure.

Budget
An expression, mainly in financial terms, of the Council's intended income and expenditure to carry out its objectives.

Budget Requirement
The amount each local authority estimates as its planned spending, after deducting funding from reserves and any income expected to be collected (excluding Council Tax and Government Grants). This requirement is then offset by Government Grant, the balance being the amount needed to be raised in Council Tax.

Capital Adjustment Account
The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (Revenue Expenditure Funded from Capital Under Statute, REFCUS). The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital Expenditure
Payments for the acquisition, construction, enhancement or replacement of non-current assets that will be of use or benefit to the Council in providing its services for more than one year. Capital expenditure also includes Revenue Expenditure Funded from Capital Under Statute.

Capital Receipts
Income received from the sale of land and other capital assets, a proportion of which may be used to finance new capital expenditure subject to the provisions of the Local Government Act 2003.

Cash Equivalents
Short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the main professional body for accountants working in public services.

Collection Fund
A fund administered by the Council as a billing authority. The fund records the receipts from council tax and non-domestic rates and the payments of the relevant shares of the surplus or deficit arising on the fund to the major precepting authorities and to Central Government.

Community Assets
Assets that the Council intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. The class largely comprises open land. They are classified as operational assets in that their use as parkland provides or supports the relevant services of the Council.

Community Infrastructure Levy (CIL)
A levy which is charged on new builds (chargeable developments for the authority) with appropriate planning consent. This is a planning charge used to fund a number of infrastructure projects, including transport, flood defences and schools, to support the development of the area.

Corporate and Democratic Core
These are the activities that a local authority engages in specifically because it is a democratically elected decision making body. Examples of corporate and democratic core costs are Councillors' allowances, Committee support and time spent by professional officers in giving policy advice.

Creditors
Amounts owed by the Council for work done, goods received or services rendered, for which payment has not been made at the balance sheet date.

Current Service Cost
Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value
The amount that would be exchanged for an asset in its existing use. Operational property, plant & equipment assets are measured at current value reflecting the economic environment prevailing for the service or function that the asset is supporting at the reporting date.

Debtors
Amounts due to the Council that have not been received at the balance sheet date.

Depreciation
The measure of the consumption, wearing out or other reduction in the useful economic life of non-current assets that has been consumed in the period.

Employee Benefits
Amounts due to employees including salaries, paid annual leave, paid sick leave, and bonuses. These also include the cost of employer's national insurance contributions paid on these benefits; and the cost of post-employment benefits, i.e. pensions.

Expected Rate of Return on Pensions Assets
The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

Fair Value
The amount for which an asset could be exchanged or a liability settled, in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy and Inputs
In measuring fair value of assets and liabilities, the valuation technique used is categorised according to the extent of observable data that is available to estimate the fair value – this is known as the fair value hierarchy. Observable inputs refers to publicly available information about actual transactions and events in the market. Unobservable inputs are used where no market data is available and are developed using the best information available.
The fair value hierarchy has three levels of inputs:
Level 1: Quoted prices for identical items in an active market – i.e. the actual price for which the asset or liability is sold;
Level 2: Other significant observable inputs – i.e. actual prices for which similar assets or liabilities have been sold;
Level 3: Unobservable inputs – i.e. where market data is not available and other information is used in order to arrive at a best estimate of fair value.

Finance Lease
A lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee (even though title to the property may not be transferred). The asset is recognised on the Balance Sheet of the lessee.

Financial Instrument
Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

General Fund
The main revenue fund of the Council which is used to meet the cost of services paid for from Council Tax, Government Grant and fees and charges.

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

Housing Revenue Account
A separate account, maintained by law that accounts for the income and expenditure related to the Council's housing stock. The General Fund cannot subsidise the Housing Revenue Account and vice versa.

Impairment
A reduction in the value of a non-current asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in an asset's market value and evidence of obsolescence or physical damage to the asset.

Intangible Assets
Assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software and licences.

Leasing
A method of acquiring the use of capital assets for a specified period for which a rental charge is paid.

Liability
An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are those that are payable within one year of the balance sheet date.

Minimum Revenue Provision
An amount to be set aside each year from revenue to repay the principal amounts of external loans outstanding.

Non Domestic Rates (NDR) – Also known as Business Rates
A levy on business property, based on a national rate in the pound – known as the Multiplier – applied to the rateable value of the property. The Government determines the NDR Multiplier to be used each year. Billing Authorities collect non-domestic rates and account for this through the Collection Fund. Any surplus or deficit arising on the fund is distributed to the major precepting authorities and to central government in their proportionate shares in the subsequent year. The major precepting authorities for Wealden are East Sussex County Council and East Sussex Fire & Rescue Authority.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

New Homes Bonus
New Homes Bonus is a grant payable to councils from Government for six years, for increasing the number of homes in the Council's area.

Non-Current Asset
An item that yields benefit to the Council for a period of more than one year.

Past Service Cost
Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Precept
The amount levied by various authorities that is collected by the Council on their behalf.

Provisions
Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount or timing of the costs is uncertain.

Public Works Loans Board (PWLB)
A statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury. The PWLB is the major provider of loans to local authorities.

Reserves
The residual interest in the assets of the Council after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an authority is not able to utilise to provide services. They 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 between expenditure being incurred and its financing e.g. Capital Adjustment Account.

Revenue Expenditure
Spending incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the balance sheet as a fixed asset. Examples include works on property owned by other parties, renovation grants and capital grants to other organisations.

Revenue Support Grant
Central Government financial support towards the general expenditure of local authorities.

Suitable Alternative Natural Green Space (SANGS)
The name given to green space that is of a quality and type suitable to be used as mitigation for residential and where necessary, tourism development likely to affect the Ashdown Forest Special Protection Area. It is considered that the provision of SANGS together with a range of on-site and other management measures at Ashdown Forest has the potential to provide an effective means of avoiding or mitigating harm from the effects of recreational pressure from new development.

Strategic Access Management and Monitoring Strategy (SAMMS)
This is a strategy for managing and monitoring the Ashdown Forest and introducing a range of measures to reduce the problems arising from increased visitor numbers. The aim of strategic access management measures and associated monitoring at Ashdown Forest is to provide confidence that, even if the provision of SANGS on its own does not divert residents from new developments visiting the Forest, there will be no increase in harm caused as a result of recreational pressure on the Special Protection Area.

Specific Government Grants
Central Government financial support towards particular services which is provided with certain restrictions regarding the expenditure that may be funded from it.

Useful Economic Life
The period over which the Council expects to derive benefit from non-current assets.

Annual Governance Statement 2020/21

1. Scope of Responsibility

Wealden District 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. Wealden District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Wealden District Council is responsible for ensuring arrangements are in place for the good governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Wealden District Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016. A copy of this Code is available on the Council's website at:

http://council.wealden.gov.uk/documents/s59966/Appendix%20A%20-%20Code%20of%20Corporate%20Governance.pdf

This statement explains how Wealden District Council has complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the publication of a statement on internal control.

2. The Purpose of the Governance Framework

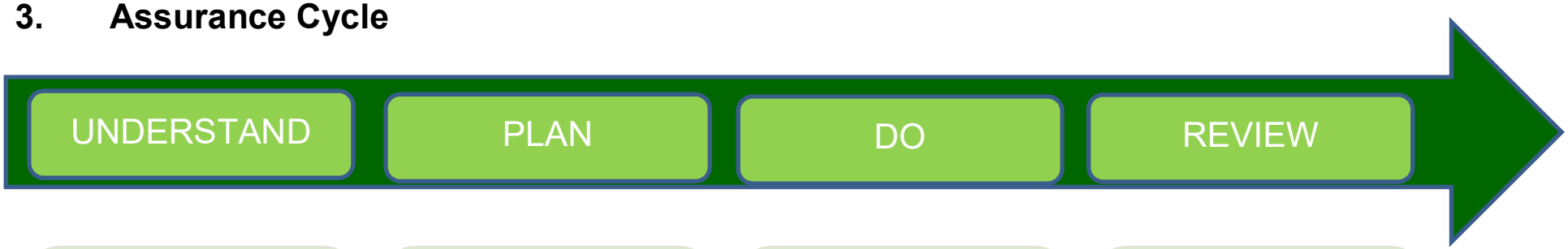
The governance framework comprises the cultures, values and systems and processes by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost-effective services and value for money. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities;
- there is sound and inclusive decision making; and
- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

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 assessment/assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wealden District 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.

The governance framework has been in place at Wealden District Council for the year ended 31 March 2021 and up to the date of approval of the Statement of Accounts.

3. Assurance Cycle



What are we seeking to receive assurances on ?

- Delivery against the Corporate Plan whilst observing the governance framework
- Management of the Council's key risks
- Design and effectiveness of internal controls
- Compliance with laws, regulation, internal policies and procedures
- Key governance tools are fit for purpose, e.g. the performance management and risk management framework
- Value for money
- Direction of travel of previous governance issues

What sources of assurance do we require?

- Internal Audit Annual Plan
- External Audit Annual Plan
- Management assurances in response to external audit recommendations
- Risk management register
- Budget monitoring report
- Cabinet portfolio holder assurances and update reports

How will we arrange ourselves to receive adequate assurances?

- Cabinet
- Audit, Finance & Governance Committee
- Overview & Scrutiny Committee and working parties
- Cabinet Advisory Groups
- Corporate Management Team
- Standards Committee
- Partnership Boards

How will we know that we are effective?

- Regular Internal Audit reports and assurances
- External Audit reports and management assurances given
- Quarterly performance management reports and portfolio holder updates
- Quarterly risk management reports
- Annual Governance Statement
- Cabinet and committee reports
- Working Party reports

4. The Governance Framework



Source: CIPFA 2016

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.	**Behaving with integrity** • Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	•Codes of conduct for Members and Officers •Members sign an individual commitment to comply with the Code •Induction for new Members on the Code of Conduct and staff on standards of behaviour expected •Performance appraisals – which measure behaviours and competencies •Staff Declarations of Interest February/March 2021 •Related party transaction declarations •Action taken on Local Government Ombudsman (LGO) complaints
	• Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	• Corporate Plan sets operating direction and organisational values approved by the Council • Member Code of Conduct is based on Nolan Principles • Corporate objectives cascaded down into Departmental Service Plans • Corporate Plan and Service Plan objectives reflected in individual appraisal goals
	• Leading by example and using these standard operating principles or values as a framework for decision making and other actions	• Members trained on and familiar with code of conduct requirements • Declarations are made at, and recorded, at meetings • Meetings conducted according to values • Standards Committee in effective operation including delivering training sessions to others to be proactive in communicating positive messages about good conduct • Requirement for elected Members to be specifically trained before serving on Planning Committee
	• Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes	• Anti-fraud and anti-corruption policies are working effectively • Up-to-date register of interests (Members and staff) • Related Party Transactions completed annually • Up-to-date register of gifts and hospitality

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
	which are reviewed on a regular basis to ensure that they are operating effectively	• Whistleblowing policies are in place, up to date and protect individuals raising concerns • Whistleblowing policy has been made available to members of the public, employees, partners and contractors • Complaints policy in place and reported upon annually to Cabinet • All policies are managed through corporate performance management system to ensure effective and timely review with communication of changes and provision of training as appropriate • Policies are published online to demonstrate openness and transparency • Changes/improvements as a result of complaints received and acted upon and reported in annual report to Members • Members and officers code of conduct refers to a requirement to declare interests • Minutes show declarations of interest were sought and appropriate declarations made • Relevant recommendations from LGO incorporated into future working practices and procedures • Legal implications identified in all Cabinet and committee reports
	Demonstrating strong commitment to ethical values • Seeking to establish, monitor and maintain the organisation's ethical standards and performance	• Good ethical governance is championed by Members, particularly through Cabinet, the Standards Committee, the Monitoring Officer and Corporate Management Team • Audit, Finance & Governance Committee takes the lead in overseeing and promoting good governance • Clear mechanisms in place for reporting / referral to Monitoring Officer

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
	• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	• Provision of ethical awareness training including thorough Code of Conduct training • Standards Committee takes the lead in promoting this
	• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	• Appraisal process in place dealing with both staff performance and behaviours and competencies which specifically incorporate good ethical conduct • Procurement policy and approach include good governance and ethical conduct • Requirement to declare conflicts of interest • Robust processes with checks and balances to ensure that procurement is undertaken in accordance with the principles of transparency, fairness and equal treatment.
	• Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	• Partnership Guidelines and reviews • Annual procurement report showing commitment to local businesses and SMEs • Adhering to Anti-Bribery and Anti-Corruption policies as required by the Council • Ensuring confidentiality of information throughout the process • Data protection requirements specifically built into contract specification
	Respecting the rule of law • Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	• Constitution • Statutory guidance and provisions are followed • These are assessed through internal and external audit • Oversight by Audit, Finance & Governance Committee • Legal implications identified in all Cabinet and committee reports
	• Creating the conditions to ensure that the statutory officers, other key post holders and Members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	• Job description/specifications • Compliance with CIPFA's *Statement on the Role of the Chief Financial Officer in Local Government* (CIPFA, 2016). The Council's arrangements conform to these governance

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		requirements with the HFS now reporting directly to the Chief Executive. • Legal implications identified in all Cabinet and committee reports • The Monitoring Officer routinely attends Corporate Management Team meetings. • The HFS attends Corporate Management Team and has access to all members of the leadership team. In addition, the HFS has access to (and regularly attends) the Audit, Finance & Governance and to the internal and external auditors. In performing the role, the HFS is able to bring influence to bear on all material decisions of the Council through advice and guidance on all corporate reports. As part of that role, the HFS leads on the budget monitoring reports, financial strategy reports and is able to promote to the organisation the delivery of good financial management. In discharging this role, the HFS is supported by a team of officers, including a deputy, and these arrangements ensure that the HFS has adequate resources to support the design and maintenance of sound financial governance arrangements. • As a result, it is considered that these arrangements allow the HFS to have the same impact within the organisation than if the specific arrangements proposed in the CIPFA Statement were in place.
	• Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	• Cabinet reports / decision making reports all document legal advice / implications • Where appropriate, make use of general power of competence e.g. housing company or the power to charge for discretionary services
	• Dealing with breaches of legal and regulatory provisions effectively	• MO takes lead role in ethical governance and ensuring compliance with the law • Incorporated into decision making processes

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Legal team provide in-house advice and guidance • Statutory teams familiar with and operating effectively to deliver on their statutory duties
	• Ensuring corruption and misuse of power are dealt with effectively	• Effective anti-fraud and anti-corruption policies and procedures are in place and are regularly updated and incorporated into all contracts • Assurance mapping exercise completed by Internal Audit has improved likelihood of detection • Grievance and disciplinary code for officers • Monitoring Officer at senior level within the organisation • Mature and experienced Standards Committee • 360 appraisal of managers acts as an additional layer of challenge • Annual appraisal review assesses competencies and behaviours.
B. Ensuring openness and comprehensive stakeholder engagement Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.	**Openness** • Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	• Quarterly performance reports to record performance against Corporate Plan • Freedom of Information publication scheme • Legal Services Team input to all FOI request to ensure that exemptions are not unreasonably applied • Data Protection Information Charter • Compliance with the UK General Data Protection Regulation 2016 and Data Protection Act 2018 • Transparency web pages • Website publishes clear and accessible information • Public inspection of accounts • Annual publication of accounts • Public consultation on new Local Plan and a wider engagement with the community on the Council's wider planning policies and individual development applications.

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Webcasting of all Committee meetings including the transition to remote webcast meetings during the pandemic.
	• Making decisions that are open about actions, plans, use of resources, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided in accordance with rules governing e.g. exemptions.	• Record of decision making and supporting materials • Publish decisions by Members and Officers in accordance with the Constitution, Scheme of Delegation, Financial Procedure Rules and Contract Procedure Rules. • Changes to the Scheme of Delegation during the pandemic have been approved, documented and are available online. • Forward Plan promotes community interest in democracy by publishing report schedule
	• Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	• Decision making protocols • Report template including requirement to obtain professional advice in key areas • Meeting reports show details of advice given • Discussion between Members and officers on the information needs of Members to support decision making • Committee work programmes • Agreement on the information that will be provided and timescales • Calendar of dates for submitting, publishing and distributing timely reports is adhered to
	• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	• Community Engagement Strategy • Annual budget consultation • Hailsham Aspires consultation • Significant consultation on Local Plan options • Member drop in sessions • Online Ask the Leader Q&A • Online consultation exercises
	Engaging comprehensively with institutional stakeholders • Effectively engaging with institutional stakeholders to ensure that the purpose,	• Communications Strategy and specific communications strategies for special projects e.g. Hailsham Aspires • Local ward Member communication networks

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
	objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	• Specific consultation with under-represented groups through Equalities Officer • Wealden Community Engagement Strategy • Statement of Community Involvement
	• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	• Online databases of residents who register to be kept informed / consulted about matters e.g. planning policy • My Alerts email • Significant partnership working e.g. Wealden Strategic Partnership, Local Economic Partnership, shared services with neighbouring authorities • Shared services for Legal, Building Control and Environmental Health, Equalities. The Council is also part of the East Sussex Emergency Resilience Partnership. • Working to meet the Duty to Cooperate for Local Plans, including agreeing Statements of Common Ground with neighbouring authorities.
	• Ensuring that partnerships are based on: – trust – a shared commitment to change – a culture that promotes and accepts challenge among partners – and that the added value of partnership working is explicit	• Partnership Guidelines • Partnership register • Cabinet report on review of partnerships and partnership working • Process for registering new partnerships
	Engaging stakeholders effectively, including individual citizens and service users • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.	• Online record of public consultations • Feedback reports on public consultations • Consultation responses included in relevant Cabinet reports e.g. budget • Significant public consultation on Local Plan options • Hailsham Aspires consultation • Housing Survey • Resident Satisfaction Survey • Service user satisfaction surveys

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Joined up response to Covid-19 (Shield & Hub) involving 3VA, Town and Parish Councils to ensure that local response was reflective of the community needs. • Co-ordination of grants to Wealden's business community as a consequence of Covid-19.
	• Ensuring that communication methods are effective and that Members and officers are clear about their roles with regard to community engagement	• Communications Strategy • Community & Public Health • Cabinet Advisory Group • Monitoring reports on the effectiveness of our communications output including regular reports on the effectiveness of WDC Social Media Usage • Communications and media training for Members and Senior Leadership Team
	• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	• Communications Strategy • Community Engagement Strategy • Resident Satisfaction Survey • Hailsham Aspires Consultation • Themed consultation exercises with Wealden Disability Involvement Group
	• Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	• Feedback included online in response to consultations • Reports to Cabinet include feedback on consultation e.g. budget report • Extensive use of WDC social media to interact with communities • Consultation on Hailsham Aspires involving nearly 1000 responses.
	• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	• Corporate Equalities Objectives • Equalities Policy and Action Plan • Consultation with specific under-represented groups within our community
	• Taking account of the interests of future generations of tax payers and service users	• Corporate Plan • Cabinet / Scrutiny reports

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Strategic Housing Needs Assessment
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.	**Defining outcomes** • Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	• Corporate Plan • Published performance indicators • MTFS and Capital Programme to fund ambitions • Commercial Strategy • Performance management report • Pentana performance management system • Statement of organisational values
	• Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	• Statement of Community engagement • Consultation strategy • Service plans • Hailsham Aspires • Preparation of New Local Plan from 2020
	• Delivering defined outcomes on a sustainable basis within the resources that will be available	• Quarterly budget reports • Quarterly performance monitoring reports • Medium Term Financial Strategy • Capital Programme • Commercial Strategy
	• Identifying and managing risks to the achievement of outcomes	• Risk management report • Risk management training • Risk assessments for specific projects • External Audit report giving assurance that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources
	• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	• Service plans • Performance indicators • Cabinet reports identify issues of competing community demands • How your Council Tax is Spent leaflet issued with annual Council Tax bills

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
	Sustainable economic, social and environmental benefits • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	• Capital programme • Medium Term Financial Strategy • Treasury Management strategy • Corporate Plan • Commercial Strategy
	• Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	• Corporate plan with four year time horizon • Medium Term Financial Strategy • Reports on decision making • Mandatory training (e.g. for the Planning Committee)
	• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	• Consultation and community engagement strategy • Consultation and community engagement online diary
	• Ensuring fair access to services	• Customer service strategy • 24/7 Website offering >100 online services • Transparency webpages • Clear policies explaining the Council's processes and what customers can expect from the Council e.g. housing allocations • Regular engagement with the Wealden Disability Involvement Group (WDIG) • Translation and interpreting services • Read Speaker and enhanced zoom enabled website
D. Determining the interventions necessary to	**Determining interventions** • Ensuring decision makers receive objective and rigorous analysis of a variety of options	• Options appraisals within key decision reports • All Cabinet reports available for consideration at Overview & Scrutiny

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
optimise the achievement of the intended outcomes Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.	indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	• Reports to Audit, Finance & Governance Committee • Legal, Financial and HR implications considered as part of every decision and evidenced within committee reports • Individual risk assessment on larger projects e.g. Crematorium, Elections (including delivery in pandemic)
	• Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	• Consultation outcomes incorporated within key Cabinet / Council reports • Specific consultation part of the annual budgeting process • Complaints process • Annual budget consultation
	Planning interventions • Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	• Calendar of meetings • Annual work programmes for Audit, Finance & Governance and Overview & Scrutiny Committees • Cabinet Forward Plan
	• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	• Communication strategy • Regular engagement through WDIG
	• Considering and monitoring risks facing each partner when working collaboratively including shared risks	• Risk management report • Risk identified within Cabinet reports • Risk register for specific projects
	• Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	• Report cycles allow flexibility to respond to changing priorities
	• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	• Corporate Plan KPIs in place • Service plan KPIs established • Financial performance regularly measured through quarterly budget meetings and report

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
	• Ensuring capacity exists to generate the information required to review service quality regularly	• Pentana is the Council's online performance management system • Quarterly performance management reports
	• Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	• Clear alignment between corporate objectives and resources • Regular budget monitoring analysis and reporting across all Council Services
	• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	• Medium term financial strategy • Capital Strategy – reports to Cabinet / Audit, Finance and Governance on performance / progress
	Optimising achievement of intended outcomes • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	• Annual budget consultation • Audit, Finance and Governance Reports
	• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	• Full and detailed budgeting exercise • Internal and External Audit review • Financial modelling undertaken to predict the possible impacts of Covid-19
	• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	• MTFS identifies plan for savings • External auditor report gives assurance • Quarterly budget reporting
	• Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes"	• Procurement strategy identifies social value • Social value assessed as part of award process under procurement • Annual procurement report updates Members on social value achieved through procurement as required under the Public Contracts Regulations 2015.

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
E. Developing the entity's capacity, including the capability of its leadership and the individuals within it Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of	**Developing the entity's capacity** • Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	• Assets Strategy • Asset Management Group – regular review of assets • Commercial Strategy
	• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	• CIPFA benchmarking • LGA Peer Review on commerciality • External Audit Use of Resources Statement • Local benchmarking exercise at Service level
	• Recognising the benefits of partnerships and collaborative working where added value can be achieved	• Wealden Strategic Partnership • Significant commitment to partnership working • Joint working / shared services
	• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	• Review of workforce development plan and strategy • Third tier management review • Leading Wealden Forward Programme • Commitment to apprenticeships including higher level apprenticeships for established staff • Commitment to Continuing Professional Development • Revised Staff Structure to improve organisational capacity to deliver corporate ambitions
	Developing the capability of the entity's leadership and other individuals • Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	• Constitution contains job descriptions for lead Members • Officer Job descriptions • Shared understanding of roles between Leader and CE • Officer Member protocol
	• Publishing a statement that specifies the types of decisions that are delegated and those	• Constitution • Scheme of Delegation • Financial Procedure Rules

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.	reserved for the collective decision making of the governing body	• Individual reports for major projects set out decision making basis so that this is open and transparent, particularly for new projects
	• Ensuring the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority	• Job description for Chief Executive • Role profile for Leader in Constitution
	• Developing the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:	• Regular meetings between Cabinet and CMT • Senior Leadership Training & Development • Leading Wealden Forward Programme • SOLACE Springboard
	– ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged	• Induction programme for both staff and Members • Annual staff appraisal • Annual training programme for Members • Commitment to apprenticeships including those at a higher level and support for appropriate professional qualifications
	– ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis	• Bespoke training at committees including presentations by service departments to Audit, Finance & Governance Committee • Community Leadership is discussed and led by Portfolio Holder and Cabinet Advisory Group • Member support through Democratic Services • Member training programme • Officer training e.g. professional training, continuing professional development, management and leadership training

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
	– ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	• Internal Audit reports on governance to Audit, Finance & Governance Committee • Workforce monitoring reports to Cabinet through Portfolio Holder
	• Ensuring that there are structures in place to encourage public participation	• Community Engagement Strategy • Residents' satisfaction survey • Regular user satisfaction surveys • Residents' consultation panel • Tenants' Forum • Wealden Aspires Drop In Shop / Consultation • Wealden Disability Involvement Group • The Council also has a Statement of Community Involvement (SCI) - a document that sets out what consultation will take place when the Council is developing and reviewing its planning policy documents (including the new Local Plan) and when determining planning applications.
	• Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	• Publish member attendance records • Annual training plan • Participation in appropriate Peer Reviews e.g. Countywide peer review on Commercialisation
	• Holding staff to account through regular performance reviews which take account of training or development needs	• Annual performance appraisals and probationary appraisals • Staff development plan within appraisal process • Capability procedure • Sickness procedure • Routine Service Team Meetings and 1:1 Meetings
	• Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	• Conditions of Service • Health and Safety policies • Health and Safety • Employee Assistance Programme – Confidential Helpline • Introduction of Mental Health First Aiders • Workplace Health Scheme Monthly Programme

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Council policies which support employees e.g. bereavement • Conditions of Service provisions • Specific Covid workplace risk assessment and safe working guidance
F. Managing risks and performance through robust internal control and strong public financial management Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities. A strong system of financial management is essential for the implementation of	**Managing risk** • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	• Risk management specifically reported to Cabinet and Audit, Finance & Governance Committee on a quarterly basis • Risk assessments on larger projects e.g. Crematorium, elections, Asset acquisitions
	• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	• Risk management strategy and policy • Annual internal audit plan • Risk management within individual project plans e.g. elections, Crematorium. • Emergency plan and Business Continuity Plan and the review of risks specific to emergencies such as the Covid-19 pandemic • Regular exercises to test the Emergency Plan, Rest Centre provision, Business Continuity Plan, Disaster Recovery and Cyber Security.
	• Ensuring that responsibilities for managing individual risks are clearly allocated	• Risks assigned with responsible owners • Named officers for e.g. Health and Safety, Data Protection, Emergency Planning, Business Continuity
	Managing performance • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	• Departmental service plans which are reviewed regularly • Senior Leadership ownership of specific Corporate Plan outcomes. • Performance monitoring • CIPFA Benchmarking • Transparency pages on website • Revised report format since May 2019 strengthening consideration of implications

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision-making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.	• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	• Report template to Cabinet / Committees includes specific sections for analysis, options, risk, finance, and other relevant considerations • Agendas published at least 5 days in advance • Decision notices and minutes published after meetings
	• Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible	• Constitution defines roles and responsibilities of Overview & Scrutiny Committee and Audit, Finance & Governance Committees • Annual work programmes for those committees • Regular training sessions for committee members pertinent to that committee and the wider business and functions of the council
	• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	• Annual timetable / calendar of meetings • Work programmes / forward plan for Cabinet and Committees • Senior Leadership ownership of specific Corporate Plan outcomes. • Annual Budget and Tax Setting report to Cabinet
	• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)	• Financial Procedure Rules • Annual accounts and Statement of Accounts • External auditor reports
	Robust internal control • Aligning the risk management strategy and policies on internal control with achieving the objectives	• Internal Audit Plan • Regular reports from Internal Audit to Audit, Finance & Governance Committee
	• Evaluating and monitoring the authority's risk management and internal control on a regular basis	• Quarterly risk management reports • Risk management training for Members and officers • Internal Audit Review of Effectiveness • Annual Governance Statement • External Audit Annual Report
	• Ensuring effective counter fraud and anti-corruption arrangements are in place	• Anti-fraud and anti-corruption policy • Whistleblowing policy

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Creation of Investigations Team • Acquisition and use of specialist data analysis software to detect fraud and corruption • Regular reports to Audit, Finance & Governance Committee on counter fraud activity • Audit and Investigations Team fraud risk evaluation of all business grants applied for as a consequence of Covid-19
	Strong public financial management • Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	• Clear links between Corporate Plan, Medium Term Financial Strategy and subsequent reporting on outcomes • Asset Management Strategy
	• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	• Embedded financial management process covering process from beginning to end • Introduction of star chamber process from Autumn 2020 • External audit review
G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation	**Implementing good practice in transparency** • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate • Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	• Publication of all reports and decisions on website • Transparency pages on website • Consistent, accessible, reporting style used with supporting evidence providing more detail for those who require it. • Web pages give key information and ability to drill down to specific documents and background papers for those requiring detail. • Annual performance report • Regular internal audit reports to Audit, Finance & Governance Committee
	Implementing good practices in reporting • Reporting at least annually on performance, value for money and the stewardship of its resources	• Annual performance report that supplements quarterly performance and budget reports • Annual reports from External Auditor • Value for money opinion

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.		• Statement of Accounts • Internal audit reports also comment on Value for Money implications where applicable.
	• Ensuring Members and senior management own the results	• Clearly defined roles for Cabinet portfolio holder and Audit, Finance & Governance Committee • Portfolio holders present reports at Cabinet • Each portfolio holder operates a Cabinet Advisory Group and has regular portfolio holder briefings with officers
	• Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	• Annual Governance Statement • Assurance mapping review
	• Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	• Shared service legal agreements • Annual Governance Statement
	• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	• CIPFA benchmarking • Quarterly performance reports to Cabinet and Overview & Scrutiny Committee including end of year performance.
	Assurance and effective accountability • Ensuring that recommendations for corrective action made by external audit are acted upon • Ensuring an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	• Management comments / response is incorporated as part of the reports from both Internal and External Audit • Annual Opinion on the Control Environment report from Internal Audit • Compliance with CIPFA's Statement on the Role of the Head of Internal Audit • Compliance with Public Sector Internal Audit Standards

Principles of good governance (in bold)	Sub-principles (in bold) and behaviours and actions that demonstrate good governance in practice	Wealden's Compliance & Supporting Evidence
		• Annual review of effectiveness of internal audit reported to Audit, Finance & Governance Committee • Annual Governance Statement Action Plan and follow up
	• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	• Participation in Countywide Peer Review • Cabinet report on outcomes and recommendations / action plan arising from review • Self-challenging through entry for various awards and nomination as finalist in several
	• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	• Annual Governance Statement • Risk management report • Performance report • Requirement for performance information to management is specified in contract specification.
	• Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	• Proportionate governance arrangements in place for partnership working • Service Level Agreements for some community grants ensuring that outcomes are measurable and delivered.

5. Review of Effectiveness

Wealden District 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 effectiveness is informed by the work of the Corporate Management Team, the Head of Business Services, the Monitoring Officer and the Head of Financial Services who have responsibility for the development and maintenance of the governance environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

Council

Council is responsible for approving the budget and policy framework, which includes the Corporate Plan and the Constitution.

Cabinet

Cabinet has approved the Council's performance management framework. Cabinet also approves the risk management policy and receives quarterly reports on risk management, performance monitoring and budget monitoring.

Each Cabinet Member has also up a Cabinet Advisory Group. These groups are not subject to political balance rules and consist of six non-executive Members plus the Portfolio Holder. There purpose is to discuss any item of relevance to the Portfolio Holder with the purpose of allowing the Portfolio Holder to obtain the views, opinions and advice from the Members. They also review and advise the Portfolio Holder on policy and significant service delivery issues and will have access to relevant financial and performance information. As an advisory body only, the Cabinet Advisory Groups do not vote upon or seek to form a consensus opinion and any report or decision made will be of the Portfolio Holder's alone and will not be the decision of the Cabinet Advisory Group.

Audit, Finance & Governance Committee

This Committee undertakes the core functions of an Audit Committee and approves the annual Internal Audit report, receives quarterly monitoring reports updating them on progress against that report. It also receives the external auditor's annual audit letter, annual governance report, annual plan and grant claim certification report. The Committee has lead oversight responsibility for corporate governance, risk management and other internal control issues. It also leads the cross Member scrutiny and consideration of the budget. The Audit & Governance Committee also reviews the Constitution.

Overview & Scrutiny Committees

The Overview & Scrutiny Committee reviews performance across all services delivered by the Council and partner organisations, and the impact they have on the District and its communities.

Standards Committee

This Committee undertakes a proactive role in relation to the promotion of the ethical conduct framework. To achieve this it has undertaken training and visits with Parish & Town Councils which have helped gain a better understanding of public attitudes and perceptions of ethical conduct within the District. It has also published documents to inform the public about its role, the importance of good ethical conduct in the area, and the high standards of conduct evident in the District.

The current Code (May 2012) and a new framework for dealing with ethical governance has been adopted by the county and the district and borough councils in East Sussex in order to maintain a level of consistency across the geographical area, particularly in relation to twin-hatted Members. The Standards Committee has put in place arrangements for dealing with complaints, conduct investigations and hearing allegations. It has also recently received an Ethical Update Report following a detailed review on local government ethical standards by The Committee on Standards in Public Life.

Head of Financial Services

The Head of Financial Services (HFS) has been designated as the s151 Officer. That officer maintains the statutory powers to report to Cabinet or Council on any proposals, decision or omission that gives rise to any unlawful expenditure. The HFS also has clearly defined responsibilities for Risk Management, Internal Control, and systems and processes for financial administration and control, which are set out in the Financial Procedure Rules.

Monitoring Officer

The Head of Legal & Governance Services has been designated as the Monitoring Officer. The Monitoring Officer has the specific duty, contained within Section 5 of the Local Government and Housing Act 1989, to ensure that the Council, its officers, and its Elected Councillors, maintain the highest standards of conduct in all they do.

The role of the Monitoring Officer is:

- To report on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
- To be responsible for matters relating to the conduct of Councillors and officers; and
- To be responsible for monitoring and reviewing the operation of the Constitution, to ensure that the aims and principles of our Constitution are given full effect.

Internal Audit

The internal control system comprises the whole network of systems established within the Council to provide reasonable assurance that corporate objectives will be achieved, with particular reference to:

The effectiveness of operations

- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity and corruption
- The integrity and reliability of information, accounts and data
- Effective monitoring systems and optimum use of performance management information

6. Governance Issues – Progress from last year

The table below describes the governance issues identified during 2020/21 and the progress made against these during the year:

No.	Key Improvement Area	Lead Officer	Update on Position
1	Asset Management Policy	Head of Commercial and Assets	Review and update the Authority's Asset Management Strategy.
2	Risk of Data Breach	Head of Legal & Governance Services	Targeted data protection training to appropriate staff following any breach. Regular attendance at team meetings to discuss service-specific issues to reduce breaches.
3	Risk of Cyber Attack	Head of Customer & Digital Services	Provide cyber security training to all staff to provide them with the necessary skills to better identify and avoid a cyber attack.

7. Governance Issues

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Finance & Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

No.	Issue	Action	Lead Officer & Completion Date
1.	Risk of Cyber Attack	To take learning from the impacts of recent cyber attacks on public sector bodies, particularly from Redcar & Cleveland and to further optimise our mitigation against such events and the potentially critical damage to council services.	Head of Customer & Digital Services
2.	Review of Business Continuity	To conduct an audit / review of business continuity using learning (particularly from the response to the pandemic) to increase organisational preparedness and ensure that effective governance arrangements are in place and tested ahead of another or other extraordinary event.	Head of Business Services
3.	Commercial Governance	To enhance the Council's systems and procedures to ensure early involvement in, and prior consultation on all commercial activity to ensure that appropriate governance structures and arrangements (including the involvement of the legal and procurement teams), which will be the foundation stones of any planned or projected activity.	Head of Legal & Governance Services

8. Certification

To the best of our knowledge, the governance arrangements, as defined above have been effectively operating during the year with the exception of those areas identified in Section 7. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for the improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Councillor Bob Standley
Leader of the Council
Date: 31 July 2021



Trevor Scott
Chief Executive
Date: 31 July 2021