



**Rural Community Council of Essex
Consolidated Financial Statements**

Incorporating the Directors' and Auditors' Reports

Year ended 31 March 2021

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

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THE RURAL COMMUNITY COUNCIL OF ESSEX

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DIRECTORS' REPORT

The directors are pleased to present their report on the affairs of the Rural Community Council of Essex (RCCE), together with the audited Financial Statements of the charitable company and RCCE Trading Community Interest Company for the year to 31 March 2021.

The Consolidated Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Consolidated Financial Statements and comply with the Companies Act 2006.

1. OBJECTIVES AND ACTIVITIES

The purpose of the Rural Community Council of Essex's work, as stated in its Memorandum of Association, is:

- "to promote any charitable purposes for the benefit of the community in the County of Essex and, in particular,
- the advancement of education, the protection of health, and the relief of poverty, distress and sickness,
- in the furtherance of the said purposes to promote and organise co-operation in the achievement of the same and to that end to bring together in council representatives of the voluntary organisations and statutory authorities within the County."

During the period under review, RCCE's *Strategy 2020-22* provided the strategic framework for the company's development. This strategy retains RCCE's existing mission and aims, but highlights four priority areas of work for the three-year period:

- Community Engagement and Housing;
- Community Buildings, Assets and Enterprise;
- Supporting People in Need; and
- Rural Voice, Partnerships and Programme Delivery.

2. ACHIEVEMENTS AND PERFORMANCE

This section of the report summarises the achievements and performance of RCCE in the year to 31 March 2021 in relation to the four priority areas of work set out in the *Strategy 2020-22*. The directors have paid due regard to guidance from the Charity Commission on public benefit in deciding what activities the charitable company should undertake, and the impact of the following achievements, based on RCCE's aims, evidences that public benefit.

The income and expenditure attributable to each of the activities outlined in this section are presented in Notes 2 and 3 to the Consolidated Financial Statements respectively.

Community Engagement and Housing

Community Engagement

Many villages and rural towns in Essex are preparing Neighbourhood Plans to enable local people to influence development and give them the opportunity to secure the housing and amenities they need for a sustainable future. These plans have a statutory role under the 2011 Localism Act.

RCCE has developed its role in recent years as a focal point for advice and support on Neighbourhood Planning in the county, this work being in part delivered through contracts with Braintree, Epping Forest and Uttlesford District Councils. Progress was impeded this year by the coronavirus pandemic which put a halt to direct contact with groups and led to a temporary Government prohibition on referendums. In spite of this, RCCE continued to provide support to 53 individual Neighbourhood Plans. It successfully redesigned its training programme, providing 26 virtual training sessions which attracted more than 200 participants and much positive feedback.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Community Engagement and Housing - continued

Community Engagement - continued

Another important element of RCCE's support, the Neighbourhood Planning Network, was also sustained virtually. This enables it to collaborate and exchange information with seven local authorities and other supportive organisations such as the Essex Association of Local Councils (EALC) and Planning Aid.

RCCE uses its community engagement skills in delivering other projects and contracts with partners. It provided support to Lottery-funded 'Big Local' partnerships in a range of locations, helping them to address long-term social and economic challenges.

The Essex Village of the Year Competition, which has provided an annual showcase for community engagement and enterprise, could not take place in 2020 as a result of the pandemic, making it the first year since 1954 that RCCE had not held a countywide competition for rural communities.

Rural Housing Enabler Service

With the house price to earnings ratio for every district in Essex above the national average, far too many young people and families simply cannot afford to live in the village they call home. RCCE believes this has serious long-term consequences for the rural economy and for community cohesion, and since 2003 it has worked to increase the supply of affordable housing in rural communities through its Rural Housing Enabler (RHE) service. It works with specialist rural housing providers, local authorities and parish councils to facilitate small scale schemes based on the evidence of housing needs surveys and usually developed on exception sites provided at a discount by local landowners.

In spite of the restrictions of the coronavirus pandemic, which required all support to be provided virtually, demand for the RHE service increased this year with twelve parishes completing housing needs surveys. The latest completed scheme at Roxwell encompassed seven new affordable homes, including five for rent, and was officially opened by HRH The Princess Royal in September 2020.

Notwithstanding the continued progress made by the RHE service, RCCE has been active in exploring additional approaches that can increase the supply of affordable housing. These efforts culminated this year with it joining with the five other Rural Community Councils in the East of England, under the leadership of Cambridgeshire ACRE, to launch Eastern Community Homes, a hub for facilitating community led housing throughout the region. The initiative, backed by funding from the Ministry of Housing, Communities and Local Government (MHCLG), made a particularly encouraging start in Essex with six local authorities signing up as partners, one of which, Chelmsford City Council, has agreed a bespoke contract for support in developing community led housing.

Community Buildings, Assets and Enterprise

Village Halls & Community Buildings Advice Service

The past year has presented unprecedented challenges for the trustees of village halls and community buildings, with halls being closed for significant periods as a result of the coronavirus pandemic. In response, RCCE has refocused its village halls service to help trustees navigate a way through the crisis.

It placed particular emphasis on publicising and clarifying the help available from Government and other sources, including the furlough scheme, rate relief and financial assistance, notably through the Retail, Hospitality & Leisure grant scheme. With guidance from RCCE, 68 Essex halls successfully obtained funding from this source which represented a lifeline at a time when the loss of regular hiring income put the sustainability of many halls, and the clubs and activities that depend on them, in jeopardy.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Community Buildings, Assets and Enterprise - continued

Village Halls & Community Buildings Advice Service - continued

Information bulletins were produced for member halls on a fortnightly basis throughout the pandemic. These included guidance on re-opening in accordance with Government regulations, an explanation of key rule changes as they affected halls, such as 'the rule of 6,' and model documents for trustees to use, including a Covid-19 Risk Assessment.

In spite of the pressures of the pandemic, many halls have continued to seek advice from RCCE on planning longer-term improvement projects. Two notable projects which successfully completed this year were at Ridgewell and Langley. The former was one of the first halls in the country to secure help from the ACRE Village Hall Improvement Scheme, funded by Defra, whilst the latter saw local volunteers play a major role in the construction of a new Community Centre for this small village in the far north west of the county.

The pandemic made it impossible to hold the customary Village Halls Conference in 2020, so instead RCCE combined with the five other Rural Community Councils in the East of England to stage a virtual conference in January 2021, hosted by Community Councils Suffolk. This included a presentation from Lord Gardiner, the Rural Affairs Minister at Defra.

Providing Services to Communities and People in Need

Community Agents Essex

The Community Agents Essex service, which RCCE delivers in partnership with the British Red Cross and Neighbourhood Watch Essex and with funding from Essex County Council, is primarily focussed on helping vulnerable elderly people and their carers; enabling them to continue living safe, happy and well in their own home.

Unsurprisingly, the year began with a surge in demand triggered by the onset of the coronavirus pandemic. In response, RCCE integrated the service closely with the overall countywide relief effort, co-ordinated by Essex County Council. A switch to remote working was also required which represented a significant challenge for a service based on one-to-one personal contact. A particular priority at the peak of the pandemic was helping clients with shopping. The agents responded successfully to this, working effectively with volunteers from the Essex Wellbeing Service, established by Essex County Council.

Overall, by the end of the year, the Agents had supported more than 5,600 new clients, an increase on the previous year, and 94.2% of those supported were continuing to live at home without additional statutory support 12 months later.

The Community Agents service continues to develop, with Essex County Council providing additional funding this year to support clients with learning disabilities and autism. The service was due to be recommissioned for 2020/21 but the existing funding agreement was extended owing to the pandemic. It will instead be put out to tender in 2021/22 as an important part of the new Essex Community Wellbeing Service which is scheduled to be operational from April 2022.

Home from Hospital / Social Prescription Service

The success of Community Agents has led to the development of a number of associated services, including a Social Prescription service covering the districts of Basildon and Brentwood, and a Home from Hospital service operating from Colchester General Hospital. Although it was a big success in supporting vulnerable patients aged 65 or over make the transition back to living at home, no further funding was available for the Home from Hospital service, so it ceased to operate at the end of 2019/20.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Providing Services to Communities and People in Need - continued

Social Isolation and Loneliness

In 2019 RCCE launched a new initiative to tackle the growing problem of social isolation and loneliness, setting up a team of nine coaches or community enablers to tackle the issue at district level. The initiative, which is funded by Essex County Council as part of its 'United in Kind' campaign, appeared especially timely with the onset of the coronavirus pandemic.

As with Community Agents, the project was integrated with the overall countywide relief effort and was tasked initially with registering volunteers for the newly created Essex Wellbeing Service. This worked so well that later in the year RCCE was awarded additional funding from Essex County Council to employ a Volunteer Facilitator to provide longer-term support to Essex Wellbeing Service volunteers.

Across the whole year, the 'United in Kind' coaches worked remotely to recruit 1,883 volunteers and facilitate over 12,000 acts of kindness. The project originally scheduled to run for two years was extended for a further year because of the pandemic and will be another component in the Essex Community Wellbeing Service tender (see Community Agents above). As the country emerges from the confines imposed by the pandemic, the issue of social isolation and loneliness looks set to loom ever larger.

Growing Communities

RCCE's Growing Communities project focusses on children and the ever increasing importance of educating them on the benefits of growing and eating locally sourced food.

Sadly the pandemic contrived to prevent the annual competition for schools, the focal point of the project, from taking place in 2020. It similarly delayed activities planned for the 2019 winners from going ahead. Fortunately, a new look competition for schools will be ready to run from April 2021. Entitled 'Bee Good' it invites children to design a plot which will help encourage bees, and will again be supported by The Augustine Courtauld Trust and Kings Seeds.

Rural Voice, Partnerships and Programme Delivery

Essex Rural Partnership

RCCE plays an influential role in co-ordinating the rural sector in the county, in particular, through its management of the Essex Rural Partnership (ERP). ERP brings together a broad range of stakeholders to encourage collaboration on the major strategic issues facing rural Essex. Alongside RCCE, the key partners include Essex County Council, District Councils, Essex Police, Office of the Police, Fire and Crime Commissioner, Essex Association of Local Councils, National Farmers Union, Diocese of Chelmsford, Essex Wildlife Trust, Farming Community Network and Visit Essex.

Partnership meetings this year had to be held virtually but still provided members with an opportunity to assess the impact of the pandemic on rural Essex and to consider other topical issues such as the initial findings of the Essex Climate Action Commission.

The Essex Rural Strategy provides the context for ERP's work. The current version was published in 2016, and work on a refreshed strategy commenced early in 2020. This was disrupted by the pandemic but an online public consultation was staged between February and July 2020 and an initial draft of the strategy produced early in 2021.

Policy Influencing and Representation

Aside from its role with the Essex Rural Partnership, RCCE has extensive experience of its own in providing a voice for rural communities to all levels of government and other public bodies and partnerships.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

Rural Voice, Partnerships and Programme Delivery - continued

Policy Influencing and Representation - continued

This year we continued to engage with the South East Local Enterprise Partnership (SELEP), participating in its Rural Sector Working Group and reviewing the preparation of the new Economic Recovery and Renewal Strategy, introduced primarily as a response to the challenges of the pandemic and Brexit.

SELEP also operates a Sector Support Fund, and RCCE worked with partners in Kent and East Sussex to secure funding for a new, one year 'Buy Local South East' project. The Essex element 'Help Essex Buy Local' has aimed to promote local food and drink producers and retailers as they sought to recover from the pandemic.

With Essex facing extensive development pressures, the Government's Planning White Paper, published in August 2020 as an intended precursor of major reforms to the present system, provoked considerable debate. RCCE responded to the consultation on the White Paper and on another one looking at changes to the existing planning system, concentrating particularly on the impact on Neighbourhood Plans and affordable rural housing. It also provided presentations to member parish councils to help inform local responses.

Some of RCCE's influencing work is on-going in nature. This includes providing regular trends and issues reports, and other intelligence, to 'Action with Communities in Rural England' (ACRE) under the terms of the current Defra/ACRE grant agreement, and supporting ACRE in its efforts to secure long-term investment in the Rural Community Council network. It also provides information to support ACRE's national policy influencing work.

Essex Rivers

The Essex Rivers 'LEADER' programme concluded this year and was judged by all involved to have been an unqualified success. In total, it allocated £1.6 million to stimulate rural business growth, diversification and job creation across a large part of rural Essex. In doing so it created 74 full-time equivalent jobs exceeding the job creation target it had been set at the start of the project.

RCCE managed the programme in conjunction with a Local Action Group (LAG) of private, public and voluntary sector representatives, and offered hands-on support to businesses, helping them to understand the programme and to navigate the application process. This was undoubtedly a key factor in the success of Essex Rivers LEADER, as was the versatility of the programme, which could support any business based in a rural area, making it relevant to the modern, diversified rural economy. As well as supporting the agricultural sector, Essex Rivers LEADER helped vineyards, pubs, and heritage and tourism projects.

Essex Rivers was the only LAG exclusively covering Essex. Its wide geographical area included parts of Braintree, Brentwood, Chelmsford, Colchester, Maldon and Rochford districts, and a significant portion of the Essex coast. RCCE also participated in two other cross-border LAGs, 'Heritage Coast' and 'Wool Towns', which straddle the Suffolk- Essex border and liaised with a fourth LAG, 'Eastern Plateau', which covered East Hertfordshire and North West Essex. Cumulatively, these LAGs invested almost £4 million into the rural economy in Essex.

LEADER ("Liaison Entre Action de Developpement de l'Economie Rurale") funding comes from the European Agricultural Fund for Rural Development, so ceases to be available as a consequence of the UK's departure from the European Union. RCCE will draw on its experience of delivering the programme in arguing for an effective rural dimension to the UK Shared Prosperity Fund, the Government's proposed successor to EU Structural Funds, which is expected to commence in full in 2022.

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DIRECTORS' REPORT - continued

3. FINANCIAL REVIEW

Financial Performance – Year to 31 March 2021

From a financial perspective, the charity's activities are sub-divided between restricted activities and unrestricted activities. The restricted activities are funded by grants and other donations which are required to be used for specific purposes laid down by the donor. Unrestricted activities are funded by grants, donations, contract income and other income receivable, or generated, for the objects of the charity, without further specified purpose. Unrestricted activities are further analysed between charitable activities, donations and investments. The Consolidated Statement of Financial Activities on page 15 of the Financial Statements provides an overall summary of the Restricted and Unrestricted activities.

Restricted Activities

The movements in restricted funds for the year are summarised in Note 10 to the Financial Statements. The donors, and specific activities that have they have funded, are described either in Section 2 of this Directors' Report or in Note 10. In overall terms, during the course of the year, the charity received £1,103,539 in restricted grants and donations and defrayed £917,283 in expenditure, generating a surplus for the year of £186,256. When added to the accumulated surplus brought forward (£134,834), the accumulated surplus on restricted activities carried forward (£321,090) will be available to support restricted activities in 2021/22 and beyond.

Unrestricted Charitable Activities

During the course of the year, the charity received £406,052 in unrestricted charitable income and incurred £392,380 of expenditure, generating a surplus for the year of £13,672. The activities funded by these unrestricted funds are described in Section 2 of this Directors' Report.

Donations

During the course of the year, the charity received £2,340 in donations (i.e. gifts made on a voluntary basis without any significant benefit to the donor).

Investments

The charity generated £1,235 in interest on its bank deposits and investments over the course of the year. Because the charity presently has insufficient staff/activities to fill the entire Threshelfords Business Park office, sections of the building are rented out on short-term operating leases. The rental income generated was £29,902. The share of overheads attributable to this space amounted to £9,497. The minimum future rental income receivable from the tenants is disclosed in Note 9 to the Financial Statements.

Total Unrestricted Activities

The overall surplus on unrestricted activities (£37,652) has been carried forward, taking total unrestricted funds as at 31 March 2021 to £835,069. A proportion of these funds (£493,302), being an approximation of the equity held in the Threshelfords Business Park property, has been separately set aside as a Designated Capital Fund in the event that it is needed to fund a pension 'cessation' liability, should the charity cease to be a member of the Essex Local Government Pension Scheme.

Essex Local Government Pension Scheme

In arriving at the above surplus on unrestricted activities, the Directors have continued to apply a true and fair override of Section 28 of FRS102; the Directors' reasons for making this judgement are fully explained in Note 12 to these Financial Statements. Had the charity applied Section 28 of FRS102, this would have led to an additional pension service cost for the year of £4,000 and an interest charge on the net pension liability of £2,000. The actuarial loss for the year would have been £196,000 and there would have been a Balance Sheet pension liability of £299,000. Note 12 to the Financial Statements provides further details. In these circumstances, the company would have recorded a deficit for the year on unrestricted activities of £164,348.

DIRECTORS' REPORT - continued

3. FINANCIAL REVIEW - continued

Risk Management

At each of their meetings, the four Board sub-committees review those aspects of the company's Strategic Risk Register which fall within their remit. The major risks are then taken to the subsequent Board meeting. Internal financial risks are minimised through the implementation of robust financial control procedures. These procedures are regularly reviewed by the Financial Control Committee to ensure that they still meet the needs of the company.

Reserves Policy

The company's Reserves Policy requires RCCE's minimum unrestricted funds neither committed nor invested in tangible assets (i.e. the company's minimum 'Free Core Charitable Funds' or 'Free Reserves') to be sufficient to enable the company to meet its next five months' direct expenditure on its unrestricted activities and, in addition, its next five months' expenditure on all its support costs, as defined in Note 1ii) to the Financial Statements. As at 31 March 2021 this equated to a minimum requirement of £194,378 (2020: £193,623) in Free Reserves. The actual Free Reserves as at that date amounted to £341,767 (2020: £318,614).

Investment Policy

The company's overall investment objectives are to create sufficient income to enable the company to carry out its purposes consistently year by year, with due and proper consideration for future needs and the maintenance of and, if possible, the enhancement of the capital value of the invested funds while they are retained. The directors believe that these investment objectives will be best achieved by applying the following approach:

1. Investing surplus cash (over and above the company's short-term liquidity needs) in National Savings Income Bonds and/or one or more low-risk cautious funds and/or one or more fixed interest or fixed term securities;
2. Keeping the company's remaining cash with the company's bankers, Barclays. The trustees perceive the residual risk associated with holding cash with Barclays (cash which, from time to time, will exceed the amount guaranteed by the UK government's deposit protection scheme - currently £85,000) to be minimal, and one that they are prepared to accept;
3. To the extent that the company has insufficient staff/activities to fill the entire Threshelfords Business Park building, maximising the rental income on the building.

4. PLANS FOR FUTURE PERIODS

The organisation's 'Strategy 2020-22' identifies a range of political, economic, social and technological changes that will present particular challenges for rural communities in Essex in the coming years. These include the ageing population, development pressures and an increasing 'digital divide'. In responding to these challenges, RCCE will continue to give priority to four broad areas of work over the coming period:

- Community Engagement and Housing;
- Community Buildings, Assets and Enterprise;
- Supporting People in Need; and
- Rural Voice, Partnerships and Programme Delivery.

In order to facilitate progress, the strategy identifies particular priorities for funding development, HR, property, governance and communications, which will be monitored by the Board sub-committees that report to the Board of Trustees.

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DIRECTORS' REPORT - continued

4. PLANS FOR FUTURE PERIODS - continued

Impact of the Coronavirus Pandemic

The dramatic onset of the coronavirus pandemic has had manifold consequences for RCCE, as noted elsewhere in this Directors' Report. RCCE's own office closed in late March 2020 and, at the time of approving these Financial Statements, all services continue to be delivered remotely.

That said, there has been no detrimental impact on the charity's budgeted income for 2021/22, nor on its levels of working capital. At the time of approving these Financial Statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and they continue to adopt the going concern basis of accounting as a result.

How long the coronavirus crisis will last is impossible to say, but it could have long-standing consequences for the way RCCE is required to operate. What can be said with more certainty is that when the country does emerge from the pandemic, rural communities in Essex will look to RCCE for support and guidance in rebuilding community life.

5. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Rural Community Council of Essex is a private company limited by guarantee incorporated in England and Wales, registered company number 04609624. The registered office is Threshelfords Business Park, Inworth Road, Feering, Essex CO5 9SE. The company is also a registered charity, charity registration number 1097009. The company is governed by its Memorandum and Articles of Association.

RCCE's subscribing membership comprises individual members and corporate members, the vast majority of the latter being parish and town councils.

Directors/Trustees

The directors who have held office during the year are as follows:

Mr N S Charrington DL - Chairman
Mrs G Hayter - Vice Chairman
Mr J Bettley - appointed 16 September 2020
Mr R J Bray
Mr R Brice
Mr S R Brice DL
Mr S Lyster DL
Mr P J Martin MBE, DL
Revd. Canon J Nicholls
Ms S Pinkerton
Mr H M Stuchfield MBE, JP, DL
Cllr S Walsh

The directors of the company are also charity trustees for the purposes of charity law. The Articles of Association stipulate that the Board of Trustees can comprise up to 12 elected members - all elected trustees are required to be subscribing members of the charity. In addition to the elected members, the Board is also entitled to co-opt up to 5 additional members to meet the requirement for specialist skills. At each Annual General Meeting, one-third of the trustees (both elected and co-opted) are required to retire and are then eligible for re-election (those longest in office since their election/co-option are required to retire first). All subscribing RCCE members are circulated with invitations to nominate trustees prior to the Annual General Meeting.

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DIRECTORS' REPORT - continued

5. STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Directors / Trustees - continued

The Board of Trustees administers the charitable company and meets on a quarterly basis. There are four Board sub-committees. Of these, the Financial Control Committee meets on a similar quarterly cycle, the other committees meet at least twice a year. The trustees review the operation of the Board and its sub-committees on a regular basis. In addition to its regular schedule of meetings, the Board holds annual 'awaydays' to review the charity's future direction.

New trustees undergo a briefing session to inform them of their legal obligations under charity and company law, and to introduce them to the Memorandum and Articles of Association, the strategy, business plan, and governance and management structures of the organisation. As part of this induction they are introduced to key employees and other trustees.

Company Secretary and Honorary Officers

The Company Secretary throughout the year was Mr N Shuttleworth. The Honorary Officers who have held office during the year are as follows:

The Patron	Mrs Jennifer Tolhurst, The Lord Lieutenant of Essex
President	Mr G Courtauld OBE, DL
Vice-Presidents	Mr D Boyle JP, DL
	The Revd. Canon J Brown DL
	Cllr J Jowers
	Mr C Manning-Press DL
	Lord Petre KCVO
	Professor J Pretty OBE
	Mr R Woolley
Treasurer	Mr P Conway FCA

The Company Secretary and Honorary Officers are elected/re-elected annually at the first Board meeting following the Annual General Meeting.

The Executive

The Executive Director, Mr N Shuttleworth, has delegated authority from the Board of Trustees to manage the day to day operations of the charity. Sitting beneath the Executive Director, the charity's staffing structure is aligned with the four priority areas of work defined in RCCE's *Strategy 2020-22* (see Sections 1 and 2 of this report).

In addition to the Executive Director, the charity presently has 15 field-based Community Agents working in the districts of Uttlesford, Braintree, Tendring, Colchester, Maldon and Chelmsford, 9 field-based United In Kind coaches working in the districts of Braintree, Tendring, Colchester, Maldon, Rochford, Castle Point, Basildon, Chelmsford and Brentwood, and 15 members of staff working from home. Most of the latter were, until Covid restrictions came into place, based at RCCE's Threshelfords Business Park office.

RCCE Trading Community Interest Company

RCCE Trading Community Interest Company (RCCE Trading CIC) was a community interest company, limited by guarantee, registered company number 06786377. It was controlled by RCCE by virtue of the fact that all RCCE Trading CIC's directors were either directors or honorary officers of RCCE. RCCE Trading CIC did not trade during the year to 31 March 2020, and application was made in December 2020 to have the company struck off the Companies House register of companies. The company was dissolved on 25 May 2021.

DIRECTORS' REPORT - continued

5. STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

RCCE Trading Community Interest Company - continued

Prior to its dissolution, RCCE Trading CIC's object, as affirmed in its Memorandum of Association, was to carry on activities that benefit the community. Any surpluses generated through these activities were required either to be retained in the company for future use or else gifted to RCCE. Reference to 'the group' in these Financial Statements is to the two affiliated legal entities, RCCE and RCCE Trading CIC, as they existed prior to the dissolution of RCCE Trading CIC.

6. OTHER REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

The charity's bankers throughout the year were:

Barclays Bank plc
40-41 High Street
Chelmsford
Essex CM1 1BE

The mortgage on the company's Threshelfords Business Park premises is also held by Barclays.

Auditors

The charity's auditors throughout the year were:

Whittle & Partners LLP
Chartered Accountants
The Old Exchange
64 West Stockwell Street
Colchester
Essex CO1 1HE

Whittle & Partners LLP, practising as Whittles, has indicated its willingness to continue in office and will be proposed for reappointment at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.



Approved by Mr N Charrington (Chairman)
15 September 2021

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the excess of net income or of net expenditure of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless this is inappropriate.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX

Opinion

We have audited the group financial statements and parent charitable company financial statements (the 'financial statements') of Rural Community Council of Essex Limited (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and parent company Balance Sheets, the Consolidated Statement of Cash Flows and the 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the Financial Reporting Council'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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – defined benefit pension scheme

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1(vii) and Note 12 of the financial statements concerning the group's defined benefit pension scheme and the application of a true and fair override of Section 28 of Financial Reporting Standard 102. In view of the significance of this information we consider that it should be drawn to your attention, but our opinion is not modified in this respect.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX – continued

Other information - continued

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' Report, prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees Report and from the requirement to prepare a Strategic Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities, the Trustees, who are also the directors of the group for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 Trustees are responsible for assessing 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 the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX – continued

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditors' 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 group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Greene BSc FCCA (Senior Statutory Auditor)
for and on behalf of Whittles

**Chartered Accountants
Statutory Auditor**

Date: 20 October 2021

Whittle & Partners LLP
The Old Exchange
64 West Stockwell Street
Colchester
Essex
CO1 1HE

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Income & Expenditure Account)
YEAR ENDED 31 MARCH 2021**

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
			Note 10		Note 15
Income from:					
Charitable activities	2	406,052	1,103,539	1,509,591	1,630,674
Donations		2,340	-	2,340	5,499
Investments					
Rents receivable	1iv	29,902	-	29,902	20,002
Interest receivable		1,235	-	1,235	1,764
Total income		439,529	1,103,539	1,543,068	1,657,939
Expenditure on:					
Charitable activities	3	392,380	917,283	1,309,663	1,511,164
Investment management					
Rental overheads	1iv	9,497	-	9,497	21,145
Total expenditure		401,877	917,283	1,319,160	1,532,309
Net income before transfers		37,652	186,256	223,908	125,630
Transfers between funds		-	-	-	-
Net income after transfers		37,652	186,256	223,908	125,630
Total funds brought forward		797,417	134,834	932,251	806,621
Total funds carried forward		£835,069	£321,090	£1,156,159	£932,251

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	4	702,837	709,374
Investments	5	100,000	100,000
		<u>802,837</u>	<u>809,374</u>
Current assets			
Debtors	6	98,487	56,261
Cash at bank and in hand		563,082	470,847
		<u>661,569</u>	<u>527,108</u>
Creditors: amounts falling due within one year	7	(119,246)	(197,192)
Net current assets		<u>542,323</u>	<u>329,916</u>
Total assets less current liabilities		<u>1,345,160</u>	<u>1,139,290</u>
Creditors: amounts falling due after more than one year	7	(189,001)	(207,039)
Net assets	13	<u>£1,156,159</u>	<u>£932,251</u>
Restricted funds	10	321,090	134,834
Unrestricted funds	11		
Designated capital fund		493,302	478,803
Free core charitable funds		341,767	318,614
Total funds		<u>£1,156,159</u>	<u>£932,251</u>

Approved by the Board on 15 September 2021 and signed on its behalf by:

.......... Mr N Charrington (Chairman)

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CHARITY BALANCE SHEET
AS AT 31 MARCH 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	4	702,837	709,374
Investments	5	100,000	100,000
		<u>802,837</u>	<u>809,374</u>
Current assets			
Debtors	6	98,487	56,474
Cash at bank and in hand		563,082	470,634
		<u>661,569</u>	<u>527,108</u>
Creditors: amounts falling due within one year	7	(119,246)	(197,192)
Net current assets		<u>542,323</u>	<u>329,916</u>
Total assets less current liabilities		<u>1,345,160</u>	<u>1,139,290</u>
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.....  Mr N Charrington (Chairman)

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £ Note 16
Net income as per the Consolidated Statement of Financial Activities		37,652	186,256	223,908	125,630
Adjustments for:					
Rents receivable		(29,902)	-	(29,902)	(20,002)
Interest receivable		(1,235)	-	(1,235)	(1,764)
Rental overheads payable		9,497	-	9,497	21,145
Depreciation charges		6,537	-	6,537	6,621
Decrease/(increase) in debtors		(36,279)	(5,634)	(41,913)	16,860
Increase/(decrease) in creditors		(30,918)	(45,515)	(76,433)	70,839
Net cash provided by operating activities		<u>(44,648)</u>	<u>135,107</u>	<u>90,459</u>	<u>219,329</u>
Cash flows from investing activities:					
Rents received		29,589	-	29,589	19,938
Interest received		1,235	-	1,235	1,764
Rental overheads paid		(10,469)	-	(10,469)	(20,252)
Net cash provided by investing activities		<u>20,355</u>	<u>-</u>	<u>20,355</u>	<u>1,450</u>
Cash flows from financing activities:					
Mortgage repayments	7	(18,579)	-	(18,579)	(17,050)
Net cash (used in) financing activities		<u>(18,579)</u>	<u>-</u>	<u>(18,579)</u>	<u>(17,050)</u>
Net change in cash		(42,872)	135,107	92,235	203,729
Cash balances brought forward		265,072	205,775	470,847	267,118
Cash balances carried forward		<u>£222,200</u>	<u>£340,882</u>	<u>£563,082</u>	<u>£470,847</u>

The notes on pages 19 to 33 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1 ACCOUNTING POLICIES

i) Bases of accounting and consolidation

These Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. They consolidate the accounts of the Rural Community Council of Essex (RCCE), a public benefit entity as defined by FRS102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland), and RCCE Trading Community Interest Company. At the time of approving these Financial Statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting as a result.

ii) Recognition and allocation of income and expenditure

All income is accounted for on a receivable basis, net of any applicable VAT. Expenditure is accounted for on an accruals basis. All income and expenditure is allocated to a particular activity where it relates directly to that activity. Support functions (including finance, human resources, facilities management and governance) are apportioned across the activities that the functions support. Overhead costs (including office running costs and consumables, information technology, insurances and affiliation fees) are similarly apportioned. Taken together, all these costs are referred to as 'support costs' in Note 3 to the Financial Statements. To the extent that activity-related funding agreements allow, support costs are apportioned to activities based on the full-time equivalent number of staff employed within that activity.

iii) Fund accounting

Unrestricted funds comprise grants and donations, contract income and other income receivable or generated for the objects of the charity without further specified purpose. In RCCE's case this includes the charity's core commissioning grants from Essex County Council and Defra (the Department for Environment Food & Rural Affairs), both of which are applied across all the charity's objects and are fully utilised over the course of the year. Unrestricted funds which are not utilised during the year are carried forward as general funds. Designated funds are unrestricted funds earmarked by the directors for particular purposes. Restricted funds are grants or other donations which are required to be used for specific purposes laid down by the donor.

iv) Long-leasehold property

RCCE occupies a purpose built office at Threshelfords Business Park in Feering, held under a 999 year lease acquired in October 2006. The building is held for operational use as a tangible fixed asset but, from time to time, if the company has insufficient staff/activities to fill the entire building, sections of the building are rented out on short-term operating leases. Because there is no long-term intention to hold the building for investment purposes, and because the fair value of the rented element of the building is variable and cannot be measured reliably without undue cost, it is the company's policy to account for the entire building as long-leasehold property within tangible fixed assets (see Note 4). In accordance with the Statement of Recommended Practice (FRS102), the rental income from the property is separately disclosed in the Statement of Financial Activities, alongside a fair share of the overhead costs associated with running the building. The future minimum rental receipts are disclosed in Note 9 to the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

1 ACCOUNTING POLICIES - continued

v) *Depreciation*

Depreciation is provided at the following annual rates in order to write off each 'high-value' asset (costing in excess of £1,000) over its estimated useful life:

Long leasehold buildings	-	1% on revalued amount
Long leasehold land	-	Nil
Office equipment	-	15% on cost
ICT hardware & software	-	25% on cost
Fixtures & fittings	-	10% on cost

High-value office equipment, ICT hardware & software, and fixtures & fittings that are specifically financed by restricted project funds are fully written off in the year that the expenditure occurs.

vi) *Financial instruments*

All the company's financial assets and financial liabilities are 'Basic Financial Instruments', as defined in Section 11 of FRS102. Accordingly:

1. All the company's fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at market value at each reporting date. Changes in market value are recognised in net income/ (expenditure) for the year. Transaction costs are expensed as incurred.
2. All the company's other financial assets, comprising trade debtors and bank balances, are measured at the cash consideration expected to be received and are not discounted.
3. All the company's financial liabilities, comprising trade/other creditors and the company's mortgage liability, are measured at the cash consideration expected to be paid. The amounts falling due on the mortgage are not discounted back to their present value as the time value of money is considered by the Board to be immaterial.

vii) *Defined benefit pension scheme*

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

RCCE participates in a multi-employer defined benefit pension scheme - the Essex Local Government Pension Scheme - administered by Essex County Council. The scheme is closed to prospective new RCCE members. Up until 31 March 2017, the pension liabilities and assets were recorded in line with Section 28 of FRS102. The Directors reconsidered this assumption in March 2018 and judged that, were the company's defined benefit pension liabilities and assets to be recorded in line with Section 28 of FRS102, this would not provide a true and fair view of the company's financial position at the Balance Sheet date, nor of its net income/ expenditure for the year then ended. Instead, the Directors judged that it would be true and fair to include neither a net pension liability nor a net pension asset in the financial statements and that, from 1 April 2017, employer contributions should be charged in the accounts as they become payable in accordance with the rules of the scheme. The Directors' reasons for making this judgement are fully explained in Note 12 to these Financial Statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

1 ACCOUNTING POLICIES - continued

viii) *Defined contribution pension scheme*

The company operates a defined contribution pension scheme for all qualifying employees who are not members of the defined benefit pension scheme. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. Employer contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

ix) *Taxation*

The company is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

2 INCOME FROM CHARITABLE ACTIVITIES

<u>Activity</u>	<u>2021</u> <u>£</u>	<u>2020</u> <u>£</u>
Community Engagement	111,557	120,369
Rural Housing Enabler Service	37,210	37,015
Village Halls Advice Service	47,303	49,340
Community Agents Essex	783,000	619,500
Home from Hospital / Social Prescription Service	62,500	257,695
Social Isolation & Loneliness Programme	269,739	256,390
Essex Rural Skills Project	-	97,042
Help Essex Buy Local	14,979	-
Growing Communities	2,500	2,500
Strategic Influencing and Partnership Working	132,503	128,471
Essex Rivers	47,800	59,160
Restricted Grant Making Funds (Note 10)	500	3,192
	<u>£1,509,591</u>	<u>£1,630,674</u>

The above figures include the following 'government grants':

<u>Source</u>	<u>Activity</u>		
Essex County Council	Community Agents	753,000	612,500
Essex County Council	Social Isolation Programme	256,390	256,390
Essex County Council	All unrestricted activities	150,000	150,000
DEFRA (via ACRE)	All unrestricted activities	48,375	47,475
DEFRA	Essex Rivers	47,800	59,160
Big Lottery Fund	Essex Rural Skills Project	-	97,042
District/Borough Councils	Rural Housing Enabler	5,000	5,000
Total government grants		£1,260,565	£1,227,567

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

3 EXPENDITURE ON CHARITABLE ACTIVITIES

Year to 31 March 2021	Direct costs £	Support costs £	Total 2021 £
Community Engagement	51,847	54,767	106,614
Rural Housing Enabler Service	19,914	15,647	35,561
Village Halls Advice Service	26,952	18,255	45,207
Community Agents Essex	620,166	30,900	651,066
Home from Hospital / Social Prescription	57,500	5,000	62,500
Social Isolation & Loneliness Programme	210,248	-	210,248
Help Essex Buy Local	15,867	-	15,867
Growing Communities	2,077	-	2,077
Strategic Influencing and Partnerships	84,906	41,726	126,632
Essex Rivers	40,399	9,799	50,198
Restricted Grant Making Funds (Note 10)	3,693	-	3,693
	<u>1,133,569</u>	<u>176,094</u>	<u>1,309,663</u>

Year to 31 March 2020	Direct costs £	Support costs £	Total 2020 £
Community Engagement	61,234	57,156	118,390
Rural Housing Enabler Service	20,075	16,330	36,405
Village Halls Advice Service	29,477	19,052	48,529
Community Agents Essex	556,853	30,900	587,753
Home from Hospital / Social Prescription	226,553	10,000	236,553
Social Isolation & Loneliness Programme	172,141	-	172,141
Essex Rural Skills Project	116,067	-	116,067
Growing Communities	3,219	-	3,219
Strategic Influencing and Partnerships	82,811	43,548	126,359
Essex Rivers	55,719	4,401	60,120
Restricted Grant Making Funds	5,628	-	5,628
	<u>£1,329,777</u>	<u>£181,387</u>	<u>£1,511,164</u>

Salary and on-costs

The average number of staff employed during the year was 41 (2020: 43). All the company's salary and on-costs are included in total expenditure on charitable activities, as follows:

	2021 £	2020 £
Wages and salaries	628,349	730,599
Employer's national insurance contributions	36,347	46,947
Employer's cont'ns - defined benefit pension scheme	111,547	109,502
Employer's contributions - defined contribution pension scheme	5,292	6,279
Total salary and on-costs	<u>£781,535</u>	<u>£893,327</u>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

3 EXPENDITURE ON CHARITABLE ACTIVITIES - continued

Salary and on-costs - continued

The above figures include accrued holiday pay of £4,995 (2020: £10,977).

No employee earned more than £60,000 per annum (2020: none), and no employee received any other benefits from the company (2020: none). The above figures include salary and employer's pension contributions for the Executive Director of £58,233 (2020: £56,623).

Grants payable

Direct costs include grants paid to third parties of £305,895 (2020: £284,910) – Note 10 (Restricted Funds) provides an analysis by activity. Of this sum, £302,000 was paid to British Red Cross (2020: £262,500), £nil to Age UK Essex (2020: £16,782) and £nil to Epping Forest District Council (2020: £5,628). The remainder was paid to small community groups and to individuals in need.

Support costs

The constituent elements of the company's support costs, and the method of their apportionment to the company's charitable activities, are explained in Note 1ii) to these Financial Statements. Support costs include £6,537 for depreciation (2020: £6,621) and the following amounts in respect of governance costs for the company:

	2021 £	2020 £
Salary and on-costs	6,337	6,180
Statutory audit fees	3,900	4,000
	<u>£10,237</u>	<u>£10,180</u>

4 TANGIBLE FIXED ASSETS (of the Group and the Charity)

	Long- leasehold property £	Office equipment £	ICT hardware & software £	Fixtures & fittings £	Total £
Cost / Valuation					
As at 1 April 2020 and 31 March 2021	725,000	18,612	11,911	4,704	760,227
Depreciation					
As at 1 April 2020	20,400	14,857	11,911	3,685	50,853
Charge for period	4,080	2,253	-	204	6,537
As at 31 March 2021	24,480	17,110	11,911	3,889	57,390
Net book value					
As at 31 March 2020	<u>£704,600</u>	<u>£3,755</u>	<u>£ -</u>	<u>£1,019</u>	<u>£709,374</u>
As at 31 March 2021	<u>£700,520</u>	<u>£1,502</u>	<u>£ -</u>	<u>£815</u>	<u>£702,837</u>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

4 TANGIBLE FIXED ASSETS (of the Group and the Charity) - continued

The long-leasehold property comprises a purpose built office at Threshelfords Business Park in Feering, held under a 999 year lease acquired in October 2006. The property was revalued, in accordance with the current edition of the Royal Institute of Chartered Surveyors' UK and global professional standards, by an independent valuer, Fenn Wright Chartered Surveyors, in April 2015. Had the long-leasehold property not been revalued in April 2015 its carrying (net book) value at 31 March 2021 would have been £860,370 (2020: £865,597).

5 FIXED ASSET INVESTMENTS (of the Group and the Charity)

	2021 £	2020 £
National Savings - Income Bonds	£100,000	£100,000

Fixed asset investments are stated at market value. The original transaction price for these investments, excluding transaction costs, was £100,000.

6 DEBTORS

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	85,199	26,992	85,199	26,992
Intercompany debtor	-	-	-	213
Grants receivable	7,773	25,129	7,773	25,129
Other debtors	3,055	2,167	3,055	2,167
Prepayments	2,460	1,973	2,460	1,973
	<u>£98,487</u>	<u>£56,261</u>	<u>£98,487</u>	<u>£56,474</u>

7 CREDITORS

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
<u>Amounts falling due within one year</u>				
Trade/other creditors	40,757	113,487	40,757	113,487
Income received in advance	5,911	4,700	5,911	4,700
Accruals	33,823	46,340	33,823	46,340
Mortgage capital instalments	18,217	18,758	18,217	18,758
Value added tax	12,382	3,081	12,382	3,081
Pay-as-you-earn tax (PAYE)	8,156	10,826	8,156	10,826
	<u>£119,246</u>	<u>£197,192</u>	<u>£119,246</u>	<u>£197,192</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

7 CREDITORS - continued

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
<u>Amounts falling due after one year</u>				
Mortgage capital instalments	£189,001	£207,039	£189,001	£207,039

The mortgage is secured on the long leasehold property at Threshelfords Business Park (see Note 4). During the course of the year, in addition to paying mortgage capital instalments of £18,579 (2020: £17,050), the company paid £3,239 in mortgage interest (2020: £4,978). Mortgage interest is included within total expenditure in the Consolidated Statement of Financial Activities.

8 FINANCIAL INSTRUMENTS

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
<u>Financial Assets</u>				
Fixed asset investments (Note 5)	100,000	100,000	100,000	100,000
Trade debtors (Note 6)	85,199	26,992	85,199	26,992
Cash at bank and in hand	563,082	470,847	563,082	470,634
Carrying value of financial assets	£748,281	£597,839	£748,281	£597,626
<u>Financial Liabilities</u>				
Trade/other creditors (Note 7)	40,757	113,487	40,757	113,487
Mortgage capital instalments (Note 7)	207,218	225,797	207,218	225,797
Carrying value of financial liabilities	£247,975	£339,284	£247,975	£339,284

9 AMOUNTS RECEIVABLE UNDER OPERATING LEASES

The company's minimum future rental income - receivable from tenants of the Threshelfords Business Park building - is as follows:

	2021	2020
	£	£
Receivable within 1 year	27,936	27,456
Receivable between 1 and 5 years	11,394	38,730
	£39,330	£66,186

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

10 RESTRICTED FUNDS (of the Group and the Charity)

	Balance 1 April 2020	Total income	Expenditure			Trans- fers	Balance 31 March 2021
			Activities under- taken directly	Grant funding of activities	Total expend- iture		
	£	£	£	£	£	£	£
Restricted Activities described in the Directors' Report							
Community Agents Essex	31,747	783,000	349,066	302,000	651,066	-	163,681
Social Isolation and Loneliness	84,249	269,739	209,266	982	210,248	-	143,740
Growing Communities	2,523	2,500	2,077	-	2,077	-	2,946
Essex Rivers	2,398	47,800	50,198	-	50,198	-	-
Restricted Grant-Making Funds							
'Making It Happen'	2,000	-	-	-	-	-	2,000
'Surviving Winter Appeal Fund'	503	500	-	501	501	-	502
Hovefields & Honiley Forum	3,192	-	780	2,412	3,192	-	-
'Natural Environment' Project	6,700	-	-	-	-	-	6,700
'Fighting Rural Crime' Project	1,522	-	-	-	-	-	1,522
	£134,834	£1,103,539	£611,387	£305,895	£917,283	£-	£321,090

Restricted Grant-Making Funds

'Making It Happen'

This funding, made available by Essex County Council, provides support to parishes and community groups that are committed to developing parish plans. No grants were made during the year.

'Surviving Winter Appeal Fund'

This funding, provided by the Essex Community Foundation, is designed to address short-term issues of fuel poverty by making small grants to people in need, as identified through the Community Agents Essex service. Four grants were made during the year.

Hovefields and Honiley Neighbourhood Forum

This grant from Groundwork UK (a community charity) was used to form a Neighbourhood Forum and to develop a Neighbourhood Plan in Hovefields and Honiley, an area of Essex that has had a troubled history with several years of conflict between settled residents and the gypsy and traveller community.

'Natural Environment' Project

This grant has been provided by Essex County Council to fund a project that will assist with the delivery of Priority 10 of the Essex Rural Strategy - 'Protecting and promoting our natural environment'. Essex Wildlife Trust, as the lead for Priority 10, will be identifying a project in due course. RCCE, as the managing body for the Essex Rural Partnership, is holding the funds until then.

'Fighting Rural Crime' Project

This funding has been provided by Essex Police (Proceeds of Crime Act funding), Essex County Council and the Essex Community Foundation. To date, it has been used to purchase covert cameras to help the police fight rural crime in the County. RCCE is holding the remaining funds as the managing body for the Essex Rural Partnership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

11 UNRESTRICTED FUNDS (of the Group and the Charity)

	Designated Capital Fund £	Free Core Charitable Funds £	Total Unrestricted Funds £
As at 1 April 2020	478,803	318,614	797,417
Net movement in unrestricted funds	-	37,652	37,652
Transfers to / from Designated Capital Fund:			
Reduction in value of long leasehold property	(4,080)	4,080	-
Reduction in mortgage	18,579	(18,579)	-
As at 31 March 2021	<u>£493,302</u>	<u>£341,767</u>	<u>£835,069</u>

RCCE's designated Capital Fund as at 31 March 2021 comprises the carrying (net book) value of the company's long leasehold in the Threshelfords Business Park property (£700,520) minus the outstanding mortgage on the property (£207,218).

12 DEFINED BENEFIT PENSION SCHEME

RCCE participates in the Essex Local Government Pension Scheme (LGPS), a multi-employer defined benefit statutory pension scheme administered by Essex County Council. The scheme is closed to prospective new RCCE members. From 31 March 2013 to 31 March 2017, RCCE's pension liabilities and assets were recorded in line with Section 28 of FRS102. This gave rise to increasing volatility, year-on-year, in the value of the net liability recognised in the company's Balance Sheet and also the amounts recognised in the Statement of Financial Activities. Taken together, the FRS102 valuations were also significantly more pessimistic than those derived from the 2013 and 2016 "ongoing" (triennial) valuations of the entire Essex LGPS. As a result, the Directors decided to commission an additional bespoke pension valuation as at 31 March 2018 using a discount rate (and other financial/actuarial assumptions) consistent with those that would have been used had an "ongoing" (triennial) valuation been carried out as at that date.

The assumptions adopted by the scheme actuary, Barnett Waddingham, in arriving at the 2018 and 2017 valuations overleaf, were as follows:

	Ongoing Valuation 2018	FRS102 2018	FRS102 2017
<u>Financial assumptions</u>			
RPI increases	3.57%	3.3%	3.6%
Salary increases	4.17%	2.3%	4.2%
Pension increases	2.67%	2.3%	2.7%
Discount rate	5.19%	2.6%	2.8%
<u>Assumed life expectancy from age 65 years</u>			
Retiring today - males	22.2	22.2	22.1
Retiring today - females	24.7	24.7	24.6
Retiring in 20 years - males	24.4	24.4	24.3
Retiring in 20 years - females	27.0	27.0	26.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

12 DEFINED BENEFIT PENSION SCHEME - continued

In all cases, the actuary further assumed that (i) members would exchange 50% of their commutable pension for cash at retirement, (ii) members would retire at one retirement age for all tranches of benefit, which would be the pension weighted average tranche retirement age, and (iii) none of the active members would take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The actuary's estimated asset allocation for the company as at the 2018 and 2017 year-ends was as follows:

	2018	2017
Equities	66%	68%
Gilts / other bonds	11%	8%
Property	9%	10%
Cash / alternative assets / other managed funds	14%	14%

These assumptions gave rise to the following valuations:

	Ongoing Valuation 2018	FRS102 2018	FRS102 2017
Present value of defined benefit liabilities	(£1,437,000)	(£2,340,000)	(£2,327,000)
Fair value of fund assets	£2,038,000	£1,999,000	£1,706,000
Net defined benefit pension asset/(liability)	£601,000	(£341,000)	(£621,000)

On the basis of these valuations, the Directors made the following judgements in respect of the company's Balance Sheet reporting as at 31 March 2018:

1. Ongoing valuation - reporting a £601k pension asset accounts would have been wrong for many reasons including the trustees responsibilities for prudence, the lack of likelihood of conversion of a balance sheet asset to cash and the lack of any underlying detail in the actuary's 'ongoing' report.
2. FRS 102 valuation - reporting a £341k pension liability would also not have been "true and fair". It is clear from both the triennial report in 2016 and the 2020 ongoing valuation that RCCE has no actual pension deficit as normally measured. The *Institute of Chartered Accountants in England and Wales*, in their guidance on FRS102, emphasises that "true and fair" has to take precedence over financial reporting standards.
3. The only "true and fair" approach was to recognise neither an asset nor a liability in the Balance Sheet, but to account for employer contributions in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

In the intervening period, nothing has changed to persuade the Directors that they should not continue to apply this true and fair override of Section 28 of FRS102 to the company's Financial Statements.

FRS102 pension valuation as at 31 March 2021

The information overleaf is taken from the actuary's FRS102 pension valuation as at 31 March 2021, and is provided to enable the reader to understand how the company's Balance Sheets as at 31 March 2021 and 31 March 2020, and Statement of Financial Activities (SOFA) for the years then ended, would have looked if the Directors had decided to value the company's pension liabilities and assets using actuarial assumptions that comply with Section 28 of FRS102.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021****12 DEFINED BENEFIT PENSION SCHEME - continued**

To arrive at the RCCE's FRS102 pension valuation as at 31 March 2021, the scheme actuary, Barnett Waddingham, applied the following actuarial assumptions that comply with Section 28 of FRS 102:

	2021	2020
<u>Financial assumptions</u>		
RPI increases	3.15%	2.65%
Salary increases	2.80%	1.85%
Pension increases	2.80%	1.85%
Discount rate	2.00%	2.35%
<u>Assumed life expectancy from age 65 years</u>		
Retiring today - males	21.6	21.8
Retiring today - females	23.6	23.7
Retiring in 20 years - males	22.9	23.2
Retiring in 20 years - females	25.1	25.2

The actuary's estimated asset allocation for the company as at the year-end was as follows:

	2021	2020
Equities	62%	59%
Gilts / other bonds	8%	10%
Property	7%	9%
Cash / alternative assets / other managed funds	23%	22%

These assumptions gave rise to the valuations below and overleaf.

It should be noted that, under FRS102, the 'current service cost' in the SOFA is assessed by the actuary to be the value of benefits accrued by members over the accounting period in question. In the year to 31 March 2021, this was estimated by the actuary to be £4k in excess of the employer contributions payable in accordance with the rules of the scheme (2020: £37k in excess).

<u>Analysis of the amounts that would have been recognised in the SOFA under FRS102</u>	2021	2020
	£'000	£'000
Current service cost	(115)	(148)
Net interest on the defined benefit pension liability	(2)	(8)
Total amount that would have been recognised in net income	(117)	(156)
Return on fund assets in excess of interest	616	(178)
Other actuarial gains	-	20
Changes in financial & demographic assumptions	(840)	309
Experience (gain) on defined benefit obligations	28	143
Total amount that would have been recognised as an actuarial (loss)/gain	(196)	294
Net amount that would have been recognised in the SOFA	(313)	138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

12 DEFINED BENEFIT PENSION SCHEME - continued

<u>Analysis of the amount that would have been recognised in the Balance Sheet under FRS102</u>	2021	2020
	£'000	£'000
Present value of defined benefit scheme liabilities	3,371	2,382
Fair value of fund assets (bid value)	3,072	2,285
Net defined benefit pension liability	299	97
<u>Reconciliation of the opening and closing balances of the present value of the defined benefit scheme liabilities (under FRS102)</u>	2021	2020
	£'000	£'000
Opening present value of defined benefit scheme liabilities	2,382	2,611
Current service cost	115	148
Interest cost	56	64
Changes in financial & demographic assumptions	840	(309)
Experience (gain) on defined benefit obligations	(28)	(143)
Estimated benefits paid net of transfers in	(14)	(13)
Contributions by scheme participants	20	24
Closing present value of defined benefit scheme liabilities	3,371	2,382
<u>Reconciliation of the opening and closing balances of the fair value of the fund assets (under FRS 102)</u>	2021	2020
	£'000	£'000
Opening fair value of fund assets	2,285	2,265
Interest on assets	54	56
Return on assets less interest	616	(178)
Other actuarial gains	-	20
Estimated benefits paid net of transfers in	(14)	(13)
Contributions by employer	111	111
Contributions by scheme participants	20	24
Closing fair value of fund assets	3,072	2,285

13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

31 March 2021	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	702,837	-	702,837
Fixed asset investments	100,000	-	100,000
Current assets – debtors	60,714	37,773	98,487
Current assets – cash at bank and in hand	222,200	340,882	563,082
Current liabilities	(61,681)	(57,565)	(119,246)
Long-term liabilities	(189,001)	-	(189,001)
Net assets at 31 March 2021	£835,069	£321,090	£1,156,159

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2021

13 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS continued

31 March 2020	Unrestricted Funds £	Restricted Funds £	Total Funds £
Tangible fixed assets	709,374	-	709,374
Fixed asset investments	100,000	-	100,000
Current assets – debtors	24,122	32,139	56,261
Current assets – cash at bank and in hand	265,072	205,775	470,847
Current liabilities	(94,112)	(103,080)	(197,192)
Long-term liabilities	(207,039)	-	(207,039)
Net assets at 31 March 2020	<u>£797,417</u>	<u>£134,834</u>	<u>£932,251</u>

14 RELATED PARTIES

Directors

RCCE is controlled by its Board of Directors. No member of the Board of Directors receives remuneration from the company, and no expenses were reimbursed to members of the Board during the year (2020: £nil). An up-to-date register of directors' interests is maintained, and all directors are required to declare any potential conflicts of interest at meetings of the Board and its sub-committees.

RCCE Trading Community Interest Company

RCCE Trading Community Interest Company (RCCE Trading CIC) was, until 25 May 2021, a community interest company, limited by guarantee. It was controlled by RCCE by virtue of the fact that all RCCE Trading CIC's directors were either directors or honorary officers of RCCE. RCCE Trading CIC did not trade during the year to 31 March 2020, and application was made in December 2020 to have the company struck off the Companies House register of companies. The company was dissolved on 25 May 2021.

As at 31 March 2021, RCCE Trading CIC had assets of £nil (2020: £213) and liabilities of £nil (2020: £213) including £nil owing to RCCE (2020: £213). None of the directors of RCCE Trading CIC received any remuneration from RCCE Trading CIC during the year (2020: none) and none had any expenses reimbursed to them (2020: none).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

15 COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(including Income & Expenditure Account)

<u>Year ended 31 March 2020</u>	Unrestricted funds £	Restricted funds £	Total £
Income from:			
Charitable activities	592,890	1,037,784	1,630,674
Donations	5,499	-	5,499
Investments			
Rents receivable	20,002	-	20,002
Interest receivable	1,764	-	1,764
Total income	620,155	1,037,784	1,657,939
Expenditure on:			
Charitable activities	566,236	944,928	1,511,164
Investment management			
Rental overheads	21,145	-	21,145
Total expenditure	587,381	944,928	1,532,309
Net income before transfers	32,774	92,856	125,630
Transfers between funds	(12,590)	12,590	-
Net income after transfers	20,184	105,446	125,630
Total funds brought forward	777,233	29,388	806,621
Total funds carried forward	£797,417	£134,834	£932,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2021

16 COMPARATIVE CONSOLIDATED STATEMENT OF CASH FLOWS

<u>Year ended 31 March 2020</u>	Unrestricted funds £	Restricted funds £	Total £
Net income as per the Consolidated Statement of Financial Activities	20,184	105,446	125,630
Adjustments for:			
Rents receivable	(20,002)	-	(20,002)
Interest receivable	(1,764)	-	(1,764)
Rental overheads payable	21,145	-	21,145
Depreciation charges	6,621	-	6,621
Decrease/(increase) in debtors	32,036	(15,176)	16,860
(Decrease) in creditors	650	70,189	70,839
Net cash provided by / (used in) operating activities	<u>58,870</u>	<u>160,459</u>	<u>219,329</u>
Cash flows from investing activities:			
Rents received	19,938	-	19,938
Interest received	1,764	-	1,764
Rental overheads paid	(20,252)	-	(20,252)
Net cash provided by investing activities	<u>1,450</u>	<u>-</u>	<u>1,450</u>
Cash flows from financing activities:			
Mortgage repayments	(17,050)	-	(17,050)
Net cash (used in) financing activities	<u>(17,050)</u>	<u>-</u>	<u>(17,050)</u>
Net change in cash	43,270	160,459	203,729
Cash balances brought forward	221,802	45,316	267,118
Cash balances carried forward	<u>£265,072</u>	<u>£205,775</u>	<u>£470,847</u>

