

Draft Statement of Accounts 2022/23



SOUTHEND-ON-SEA CITY COUNCIL STATEMENT OF ACCOUNTS 2022/23

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INTRODUCTION TO THE 2022/23 ACCOUNTS

Narrative Statement

Welcome to the Narrative Statement for the Statement of Accounts for Southend-on-Sea City Council for the financial year 2022/23.

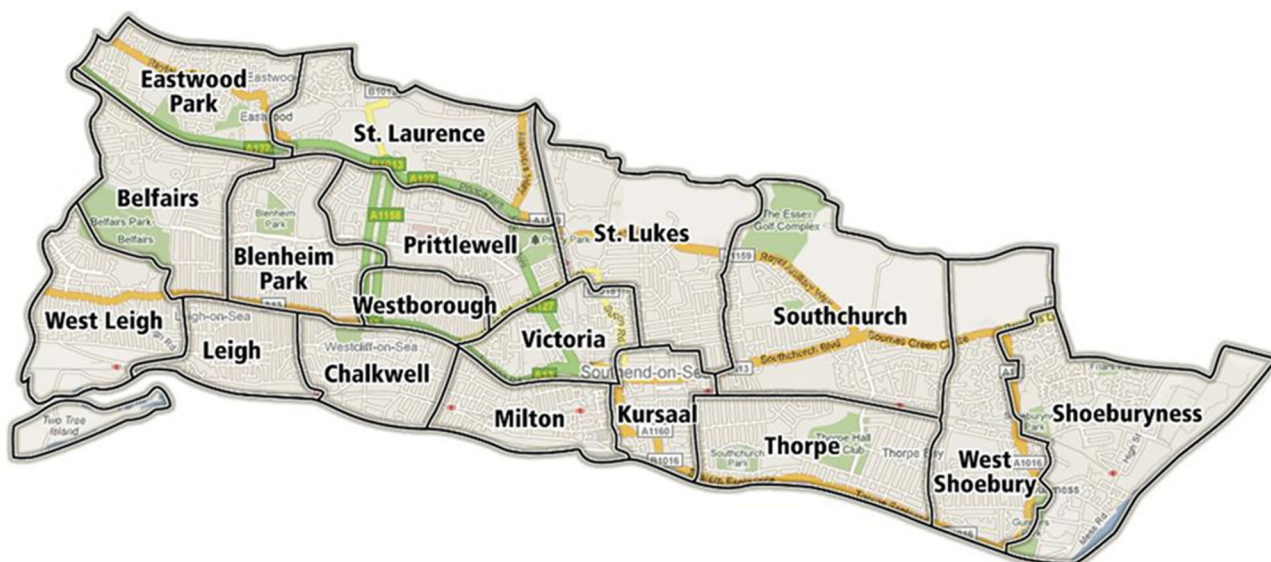
The accounts provide a true and fair view of the financial performance of the Council in the delivery of services to the residents of Southend-on-Sea. They also summarise the overall financial position of the Council for the year ended 31 March 2023. The accounts and accompanying documents are subject to an external independent audit by Deloitte LLP and their opinion forms part of this document.

Background

Southend-on-Sea officially celebrated gaining full City status on the 1 March 2022, a key landmark event in the history of the area and the Council. In accordance with normal practice the Council's 2022/23 budget was formally approved in February 2022 and at this time no-one could have predicted the scale of economic challenges, national and international circumstances that have dominated headlines right across the world throughout the financial year.

Southend-on-Sea City Council is one of six unitary authorities in the East of England, responsible for the delivery of a range of key public services to a current population of around 181,000 residents in over 80,000 households and geographically covers an area of 16 square miles. On Census Day, 21 March 2021, Southend-on-Sea was the third most densely populated of the East of England's 45 local authority areas, with 4,336 people per square kilometre (around 31 people living on each football pitch-sized area of land).

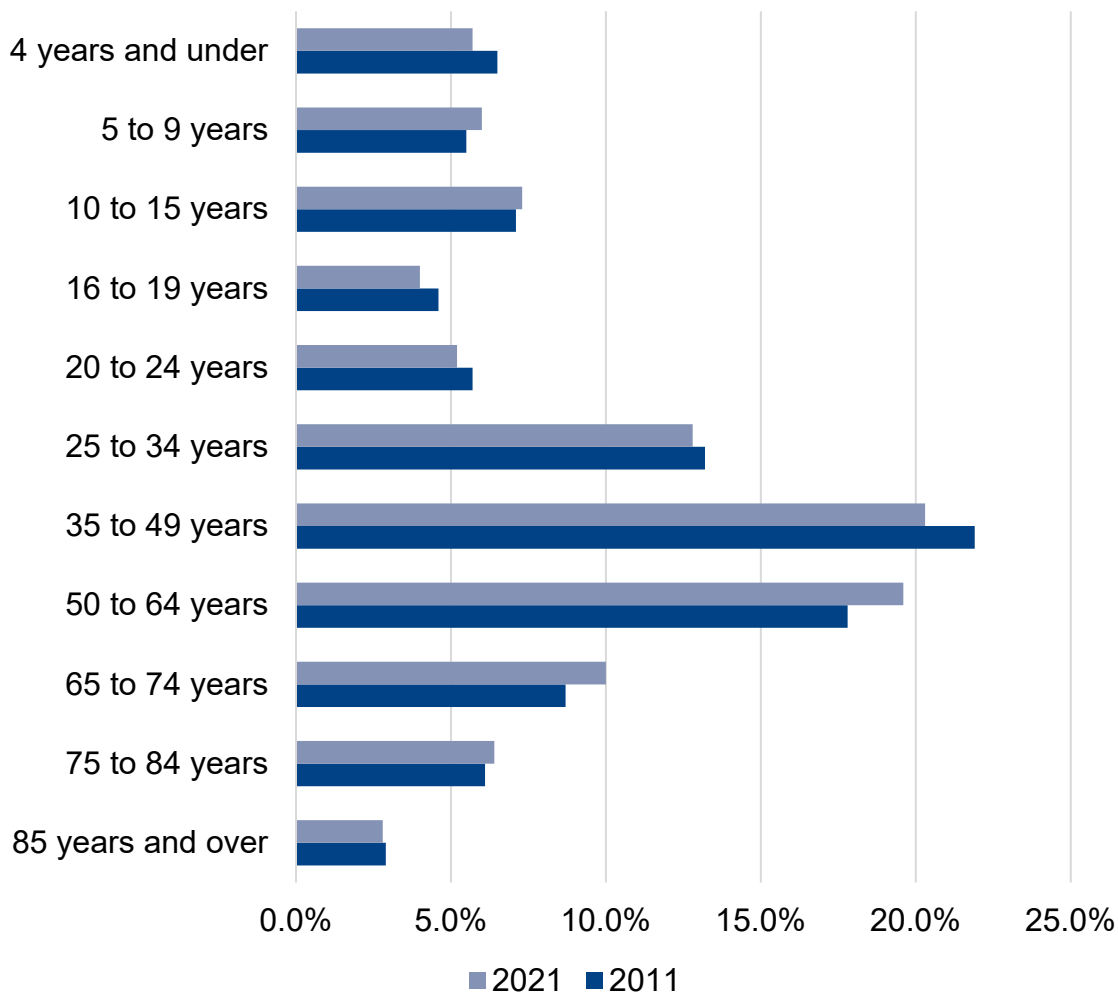
The Council's financial turnover for 2022/23 is circa £430m (£440m in 2021/22) and our resources are well-managed through our budgetary and financial monitoring framework. The graphic below represents the geographical area that is served by Southend-on-Sea City Council. The place is made up of mainly residential areas but also some industrial, commercial, retail land and property, and 529.9 hectares of protected greenspace.



The Census 2021 results showed that from 2011 to 2021 there had been an increase of 12.0% in people aged 65 years and over, an increase of 1.6% in people aged 15 to 64 years and an increase of 4.2% in children aged under 15 years.

The Southend-on-Sea population chart (*Figure 1*) shows the population range in different age groups. On Census Day the age structure of Southend-on-Sea's population was as follows: 19.2% aged 65 years and over; 61.9% aged 15 to 64 years; and 18.9% aged under 15 years.

Figure 1 Percentage of usual residents by age group, Southend-on-Sea



According to the Index of Multiple Deprivation 2019, nearly two fifths (39%) of our residents live in areas considered to be in the most deprived 30% in England. This is particularly high in the East Central Locality, which covers the wards of St. Luke's, Victoria, Milton and Kursaal and includes the City Centre. Nine neighbourhoods (out of 107) in Southend-on-Sea fall into the 10% most deprived in the country.

There is a significant health inequality between our wards, with a life expectancy gap of 9 years for males and 10 years for females between the most deprived and least deprived wards. A large proportion of children and working aged residents live in these most deprived areas, particularly compared to our residents who are aged 65 and over. In 2022, 19.7% of Southend's residents were economically inactive.

Southend-on-Sea is located on the Thames Estuary, within close proximity to Central London. It is bordered by Rochford (to the North) and Castle Point (to the West). We are known as a resort destination, and are home to the world's longest leisure pier, built in 1830 that stretches for 1.34 miles into the Thames Estuary. This attraction alone regularly receives over 300,000 visitors a year, with the area usually welcoming around 7.5 million visitors every year, making Southend-on-Sea a popular seaside destination of choice.

Southend-on-Sea City Council is a multifunctional and complex organisation, its policies are directed by the Political Leadership and implemented by officers of the Council.

Political Structure

Southend-on-Sea has 17 wards, and the Council consists of 51 elected members. There is one Parish Council within the area, Leigh-on-Sea Town Council. This is governed by 16 elected members across eight wards. Their mission is to protect and promote the heritage and identity of Leigh-on-Sea to preserve the Town for current residents and to provide a legacy for future generations.

Leigh-on-Sea Town Council delivers services to meet additional specific local needs, such as managing the community centre, running a volunteer programme, organising local events, administering local allotment sites, and acting as statutory consultee on planning, highways and licensing issues.

Southend-on-Sea City Council is responsible for the delivery of major city-wide services such as education, adult and children's social care, waste collection, maintenance of the roads and pavements, looking after the parks, providing street lighting, public health, and many other services.

The political make-up of Southend-on-Sea City Council as at 31 March 2023 is summarised in Table 1.

Table 1 Southend-on-Sea City Council's political make-up on 31 March 2023

Political Party	Number of Councillors
Conservative	21
Labour	15
Liberal Democrat	5
Independent	4
Unaligned Independent	3
Residents First	2
Vacancy	1
Total	51

The Council has been led by a joint political administration since May 2019. The coalition was made up of Councillors from the following political parties; Labour, Independents and Liberal Democrats.

The Council has adopted the Leader and Cabinet model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Cabinet, the allocation of Portfolios and the delegation of Executive Functions.

The Cabinet is the part of the Council which is responsible for the decisions made within the constitution approved by Full Council. The Cabinet was made up of the Leader, Deputy Leader and 5 other councillors as at 31 March 2023.

As a result of the local elections held on 4 May 2023, the composition of local councillors has changed (Table 2) and at an Extraordinary Council meeting on 18 May 2023 control of the Council transitioned to a minority administration led by the Conservative party.

Table 2 Southend-on-Sea City Council's political make-up since 4 May 2023

Political Party	Number of Councillors
Conservative	22
Labour	17
Liberal Democrat	4
Independent	3
Non-aligned	2
Residents First	2
Green Party	1
Total	51

The administration for 2023/24 is now led by a Conservative minority and the composition of Councillors has altered since the election on 4 May 2023 with one Councillor moving from Labour to Non-Aligned and another moving from Non-Aligned to Residents First as at 31 May 2023.

Management Structure

Supporting the work of all elected Members are the Council's most senior level officers and as at 31 March 2023, this team comprised of the following officers shown in Table 3.

Table 3 Southend-on-Sea City Council's Senior Officers on 31 March 2023

Position	Name	Notes
Chief Executive and Town Clerk	Rob Polkinghorne	1
Executive Director (Finance and Resources)	Joe Chesterton	
Executive Director (Growth and Housing)	Alan Richards (Interim)	2
Executive Director (Adults and Communities)	Mark Harvey	3
Executive Director (Children and Public Health)	Michael Marks	
Executive Director (Neighbourhoods and Environment)	John Burr (Interim)	4
Executive Director (Strategy, Change and Governance)	Stephen Meah-Sims (Interim)	5

Note 1 - Rob Polkinghorne was appointed 25 October 2022, prior to that date Andrew Lewis was the Chief Executive.

Note 2 – Alan Richards has been the Interim Executive Director since 26 July 2021.

Note 3 – Mark Harvey was appointed 6 March 2023. Tandra Forster left the Authority on 29 August 2022. Terry Dafter was appointed as the Interim Executive Director between those 2 postholders.

Note 4 – John Burr is currently the Interim Executive Director as Anna Eastgate left the Authority on 17 July 2022.

Note 5 – Stephen Meah-Sims has been the Interim Executive Director since 6 September 2021 and will leave the Authority on 7 July 2023.

Unprecedented Financial Challenges Continue

The current cost of living crisis is the latest in a series of critical events, spanning more than a decade, including austerity (following the financial markets crash), Brexit, a global pandemic, the war in Ukraine, energy prices doubling and in some case tripling in cost, inflation peaking at the highest level for decades during 2022/23 have all combined to erode the financial resilience and sustainability of local public services. These warnings and concerns contributed to an independent national analysis undertaken by Grant Thornton that suggested that as many as 1 in 6 local authorities could run out of money as early as 2023/24, without substantial additional funding and/or significant budget reductions.

Local authorities will continue to have to make some very tough choices and embrace and implement significant further changes to their local service offer including digitalisation to capitalise on the efficiencies this affords. Looked at collectively, there is an unprecedented amount of pressure to deliver service change whilst also managing major affordability and sustainability concerns. The sector has never witnessed so many s114 notices (effectively a declaration that a local authority is no longer a going concern) being issued or being considered.

Southend-on-Sea City Council, along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This has been exacerbated by the continuing challenging operating environment and increasing and more complex local service demand. As reported throughout 2022/23 the Council faced the perfect storm of huge increases in service demand post the pandemic combined with unavoidable and rapid increases in operating costs across almost every aspect of its Organisation. This had a huge impact on the Council's approved financial plans for 2022/23 and the general economic climate created serious cost of living challenges for some of our local residents.

The most challenging area of concern and level of overspending in 2022/23 has been the cost of externally purchased Children in Care placements. This has been a pressure faced by the Council for several years, but it got significantly worse in 2022/23 and will continue into 2023/24. It is a challenge that is replicated across most upper tier local authorities throughout the country. Residential Care placements are in short supply, and this has pushed up prices significantly for all local authorities in 2022/23. This is of most concern where a child has complex needs and or challenging behaviour.

The Council over the last four years, has also experienced an increasing trend of more externally purchased foster care placements and less in-house foster care arrangements. The Council continues to try to respond positively to these challenges, which are not only financial but also more importantly in trying to deliver better outcomes and life chances for every child. This ambition seeks to provide care, safety and support for them within a local family environment including providing advice and access to local networks. During 2022/23 the Council has successfully developed and now implemented a revised remuneration offer for in-house foster carers based on a framework of a child's needs. It is hoped that this new offer will attract more inhouse foster carers (over the next 3 years), placing less reliance on external foster care placements and in some cases where appropriate and safe to do so reduce the requirements for external Residential Care.

Despite these unprecedented challenges and reporting a final level of overspending for 2022/23 that was higher than at any time since it became a Unitary Authority on 1 April 1998, the Council remains in a relatively financially resilient position. Throughout the financial year the Council also responded proactively to continue to support local communities and our most vulnerable residents, minimising the impact of the cost-of-living crisis wherever it could.

The Council Tax Energy Rebate Scheme resulted in a payment of £150 to every household across the City in Council Tax Bands A – D. This equated to £10.3M which was fully re-imbursed by the Government. Other Government support initiatives included an additional £2.8M for the Household Support Fund, which was administered locally based on evidence of need.

The challenges that will be faced in 2023/24 will be even more significant due to the combination of major increases in core service demand and the impact of inflationary cost pressures that continue to be experienced right across the Council.

LGA Peer Review Findings 2022

In October 2022, the Local Government Association and peers visited the council to conduct a Corporate Peer Challenge. This provided an opportunity for an improvement lead review of the key challenges faced by the council, including five standard core components, including governance, priority setting, and financial planning. Peers spent four days at the Civic Centre, during which they gathered information from 51 meetings, spoke to more than 160 people, including councillors, council officers and external stakeholders, and observed four council meetings (two in person and two on-line).

The peers found that the council was very self-aware, has huge potential and that there are many positive attributes and assets both within the council and city, including the strong community ethos, ambitious regeneration projects and sound financial management. However, peers found that the approach to leadership, governance and decision making is impacting the council's capacity to progress. Nine recommendations were made. They are as follows:

- completing the review of the Council's Constitution,
- develop more effective councillor and officer working relationships,
- consider changing the election cycle,
- reengage partners,
- align priorities to resources and capacity,
- better communicate difficult decisions,
- modernise operating systems,
- develop a plan to tackle spatial inequalities and disparities across the city,
- continue to engage in regional activity, such as Association of South Essex Local Authorities.

Cabinet accepted the peer's findings and recommendations and in response worked with the Senior Leadership Group to develop an Action Plan. Progress against the Action Plan is being monitored by the Corporate Leadership Team and a cross party councillor working party. Peers will return to the council to review progress against the Action Plan and support the council to further embed learning throughout 2023.

Southend-on-Sea City Council's New Corporate Plan and 2050 Ambition

Building on the engagement and consultation exercise undertaken with residents and key local stakeholders during 2022, the Council's new corporate plan has also heavily influenced the investment priorities for 2023/24 – 2027/28. Our corporate plan provides the context and narrative for our City and the role that the Council will play in that. It reflects the period of organisational change and our operating models for the future – including officer and member development. The corporate plan's four overarching themes provide a framework to support prioritisation:

- a city that is strong and prosperous
- a city with a good quality of life
- a city rising to the climate change challenge
- a city delivering genuinely affordable housing

These corporate priorities will continue to be enabled by us changing as an organisation. The key areas in the Council where we will focus change are:

Delivering the right quality services

- increasing understanding of the overall goals of customers
- alignment of a common customer-centric vision
- designing services from the point where a customer begins to try to achieve a goal, right through to the point when the goal has been completed and the best possible outcome achieved.

How we work

- developing working practices that maintain employee engagement and enable people to maximise their performance. This includes:
 - developing our hybrid working approach
 - making sure people working from home do not suffer from increased levels of loneliness and mental distress.

Digital as an enabler

- making the council a more accessible and inclusive place to work
- working flexibly when needed to meet challenges and **opportunities**.
- collaborating and co-designing with residents, communities and partners to identify behavioural drivers, and barriers, and make the best use of **resources**.
- ensuring services are joined up and always accessible.

To help to achieve these commitments a new transformational blueprint and corporate organisational re-design programme will be developed and implemented in phases starting in 2023/24.

Southend 2050 will remain the overriding ambition and provides the opportunity for the Council to continue strengthening partnership working across the City and wider region. Dedicated work and engagement will continue with a focus on driving this ambition as a new City.

To reflect these aspirations and to support delivery of the early phases of activities to achieve better outcomes for Southend's residents, the Council for 2023/24 is continuing to try and develop a longer-term view of the use of its resources and financial planning arrangements. Our commitment remains to focus on supporting the local economy and our most vulnerable local residents to recover from the pandemic and to help them to cope where we reasonably can with the current cost of living crisis.

Our approach enhances the profiling of investment and supports effective prioritisation of activities. It will also enable improved consideration of major regeneration plans that span more than one financial year from both a revenue and capital perspective. These new set of arrangements were introduced in 2020/21 and became the key driver behind integrating both revenue and capital investment plans into a single report with greater emphasis on the medium term.

Local Government still faces huge challenges in terms of uncertainty over future funding levels and continuing increases in demand and local expectations – Southend-on-Sea is no exception, but the Council is determined to do everything it can to plan effectively for the future and invest in priorities that make a real positive difference to Southend's residents, businesses, and visitors. The years 2020/21 and 2021/22 were dominated by the impact of the pandemic, 2022/23 has been dominated by inflationary pressures and a cost-of-living crisis so 2023/24 is now clearly an important year in our journey towards becoming a more outcome focussed organisation where our resources are prioritised accordingly.

The intention has been to target scarce resources to the agreed priorities within the Council's new corporate plan within the context of the overall Southend 2050 ambition, provide support for our most vulnerable residents, respond positively to the impact of the cost-of-living crisis on our local economy and communities, manage the impact of inflation as carefully as possible whilst coping with unprecedented levels of local demand pressures across social care. It is a very difficult combination of challenges to navigate and respond too, whilst also ensuring that the Council lives within its means and remains a financially sustainable organisation.

The Council remains committed to using an Asset Based Community Development (ABCD) methodology to promoting the sustainable development of our communities in the medium term. This will continue to build on how the council works with residents and stakeholders, and revise the Council's approach to leadership, management of assets, funding streams, commissioning, and workforce development.

This approach will include more shared posts, shared commissioning and the co-location of services and staff, along with the development of our locality approach. It will promote a more fluid and creative way for citizens to share their ideas on priorities and solutions, while also valuing and strengthening the more formal consultation processes. The Council believes that this is even more important post COVID-19 to re-imagine the relationships and contacts with communities.

To further enhance our approach to partnerships, community engagement and citizen empowerment, the Council continues to invest in a community builders' scheme on a test and learn basis. Community builders will be embedded into the heart of the local community and will have preventative conversations with neighbourhoods about what matters to them as well as helping people to build and connect using their personal strengths and with natural support through local assets and relationships. Community builders will be an enabler to support early, preventative action BY citizens to help to deliver on our Southend 2050 outcomes.

Financial and Performance Overview 2022/23

The General Fund Revenue Account for 2022/23 had a net expenditure budget of £140.3M. Revenue spending covers the day to day running costs of the Council's services, such as schools, social services, and leisure. This spending is financed by government grants, council tax, retained business rates and other income such as fees and charges. The Council agreed a council tax requirement, including Leigh-on-Sea Town Council precept, of £91.9M for 2022/23 (£88.1M for 2021/22).

Despite the huge challenges in 2022/23, it was still a year of successes and creativity across our 400+ services with a variety and complexity unlike any other organisation locally. Not every resident will use every service, but the work of the Council is vital to the wellbeing and way of life of residents right across the City. Some of our key achievements against our four overarching objectives in 2022/23 are summarised below.

A city that is strong and prosperous

We have:

- opened Launchpad, an innovative business hub and workplace at the Airport Business Park,
- welcomed new investment into the area which included,
- approximately £1m from the Community Infrastructure Levy for infrastructure projects,
- over £396,000 from the government's UK Shared Prosperity Fund to support volunteering, social action and business sectors,
- almost £1million from the government's Multiply programme to provide free number confidence courses,
- adopted the City Centre Strategy and Investment Plan
- brought more greenery into the High Street through parklets and planters,
- some of the best access to broadband in the UK,
- organised city status events, Jubilee street parties and the Halloween parade. Our Southend City Jam and LuminoCity festivals attracting over 318,000 visitors to the City,
- invested in our Southend Pier. In 2022/23, Southend Pier had a record year for visitor numbers and two new electric trains coming into operation,
- worked with partners to support residents affected by the cost of living which included,
- set up cost-of-living web pages and advice booklet,
- donated 236 slow cookers and 280 electric blankets for the most vulnerable in the City,
- secured £10,000 of funding for a cut-price food van to give vulnerable families the chance to buy food at budget rates,
- managed the Council Tax Rebate Scheme locally, processing support for rising energy bills to approximately 70,000 households,
- delivered £2.8m of the government's Household Support Fund to thousands of vulnerable residents,
- signed up to the Armed Forces Covenant and Defence Employer Recognition Scheme,

- retained Purple Flag accreditation for Southend-on-Sea's night-time economy.

A city with a good quality of life.

We have:

- worked with early year providers and partners to improve school readiness of children under four,
- supported schools across the City to make sure there are sufficient school places offering good quality and choice to local parents and carers. In September 2023:
- 99% of pre-schoolers will start school at one of their top three choices,
- 98% of year six children will be starting secondary school at one of their top three choices,
- increased GP engagement with Everyone Health, resulting in more people in the most deprived wards taking up health checks,
- commissioned smoking cessation, weight management and falls prevention services, as well as the Making Every Contact Count approach to improving people's health and wellbeing,
- developed strategies to improve outcomes in women's health care and early cancer diagnosis,
- used the national Core20PLUS5 approach to reduce healthcare inequalities, increasing lung health, mental health and learning disability checks in priority target groups,
- developed the Southend Enhanced Discharge Service pilot, a therapy-led assessment at home for residents discharged from hospital.

A city rising to the climate change challenge.

We have:

- opened the city's first ever Climate Hub and launched the Southend Climate Action website, to engage people in climate change activity,
- contracted SUEZ recycling and recovery UK to manage residual and bulky waste and divert it away from landfill. The new five-year waste disposal contract will bring savings of around £470,000 and reduce our waste carbon footprint by over 90%,
- enhanced our natural and built environment which included,
- tree planting along London Road to tackle heat-stress as part of the EU Cool Towns project,
- the creation of a business model designed to quantify the benefits of green infrastructure during the EU Nature Smart Cities project,
- winning the Love Parks Award at the Keep Britain Tidy's local authority Network Awards 2023,
- opening a new play area on Whitegate Road in January 2023, funded by the Community Infrastructure Levy,

- Priory Park voted as an East of England Local Favourite in the Fields in Trust UK's Favourite Parks 2022 awards,
- five of Southend-on-Sea's beaches awarded Blue Flags,
- volunteer planting at Thorpe Bay beach and sand dune restoration at East Beach to help combat climate change,

A city delivering genuinely affordable housing.

We have:

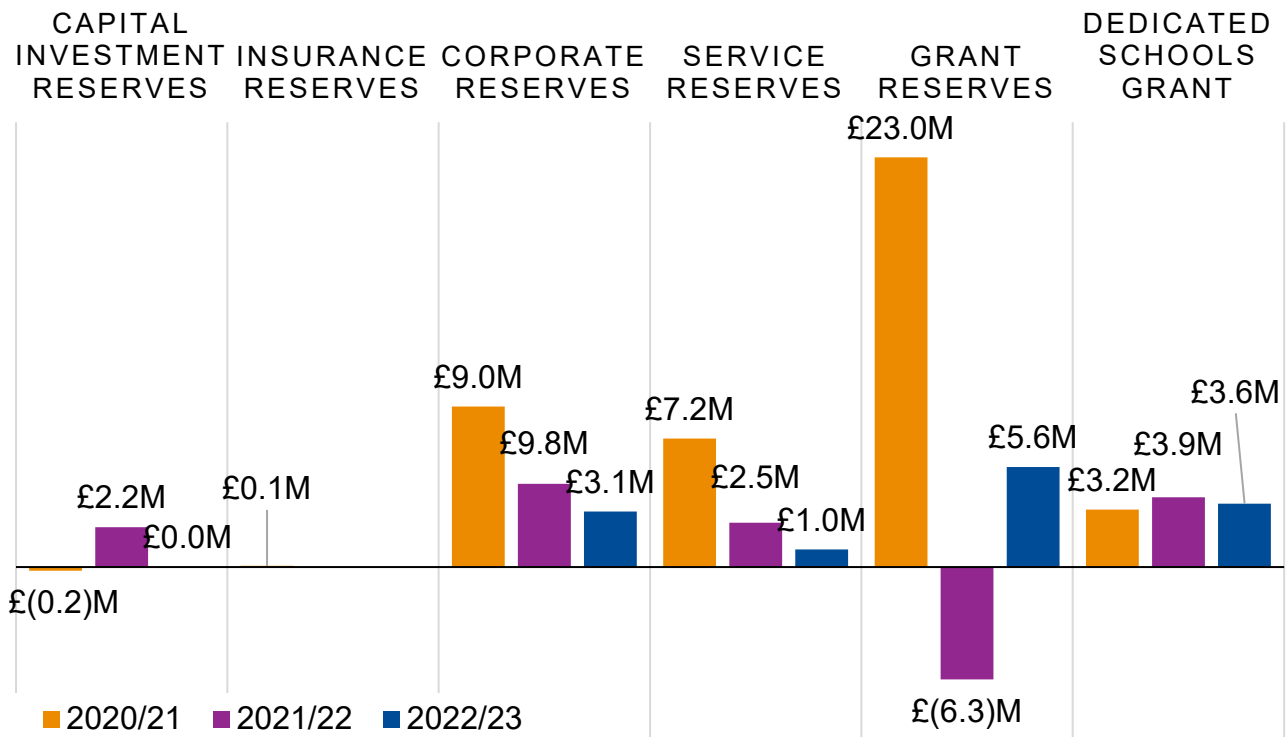
- secured funding to address local housing need, including £4.2m from the South Essex Local Enterprise Partnership and £15m from the Housing Infrastructure Fund, and planning permission for Passive House pilot sites,
- secured delivery of over 200 affordable housing units and approximately £300,000 for the provision of further affordable housing,
- assisted with the resettlement of Ukrainian and Afghan families,
- made sure there is a high standard of energy efficient and net zero homes across the city through a number of projects:
- used funding from the Local Government Association (LGA) Housing Advisors Programme to work with architects and the business Parity Projects to gain a better understanding of sustainability objectives for council owned stock and new builds,
- completing the retrofit and new build Housing Sustainability projects, funded through the LGA's Housing Advisors Programme,
- implementing a Social Housing Decarbonisation Fund scheme to make our housing stock carbon net zero and retrofitting homes to boost their energy efficiency,
- successfully bidding for £1.15m of government funding to improve the energy efficiency of council housing,
- implemented the Selective Licensing Scheme in designated areas of the city to improve the quality of private rented properties, issuing over 3,000 licences in the first year of the scheme,
- continued to develop a new Local Plan for Southend-on-Sea.

2022/23 has again been an incredibly challenging and unpredictable year due to rising inflation, increasing interest rates and pent-up demand for social care and other services. In Southend-on-Sea, the scale of the local financial impact on both expenditure and income expectations has led to major variations from our original approved plans for 2022/23 and the actual profile of spending was different to what we would expect to see in a normal year.

Given the size and complexity of the Council's operations and the volatility caused by the operating environment and unavoidable increases in the costs of service delivery there have been several variations from the original approved plans across individual service areas. As part of the year-end arrangements, consideration has also been given to the need to review the level of provisions for insurance, future transformation priorities, specific service risk considerations, bad and doubtful debts and other demand challenges caused locally by the 'cost of living' crisis.

The impact on the Council's reserves caused by the volatility that the pandemic and then the exceptionally high inflation levels and service demand challenges in 2022/23 is illustrated in the following diagram (Figure 2). This compares the contributions to/from earmarked reserves which took place at year end in 2022/23 with 2021/22 and 2020/21.

Figure 2 Year End Contributions to / (from) reserves



The overall net impact on the General Fund Revenue Budget for 2022/23 of all the actual income and expenditure variations within services, review of provisions and earmarked reserves, together with additional Government Support resulted in an overall net overspend of £6.835M (£0.347M underspend for 2021/22). This has been financed by utilising a combination of earmarked reserves that were previously set aside for specific service risks, particularly for statutory social care pressures.

The Housing Revenue Account (HRA) reported an overall in-year deficit in 2022/23 of £0.323M (£0.187M surplus for 2021/22). In February 2022 it was forecast that HRA resources would be used to support an ambitious acquisitions and new build programme (£8.309M) to create more affordable homes for the 2022/23 financial year. This was planned to be financed from a forecast in-year surplus of £2.976M and a draw down from reserves of £5.333M. Given prevailing economic and market conditions and the resulting supply chain issues and challenging housing market, it has not been possible to deliver the acquisitions or construction programmes to the level that was planned.

Experience from the pandemic and concerns around the impact of the cost of living crisis on income collection levels and potential difficulties for tenants paying their rent and service charges due to changing circumstances. This continued to be mitigated by proactive working with tenants by South Essex Homes. The ambition to deliver more affordable homes is planned to be accelerated in 2023/24 and to provide further investment into the overall Council's housing stock to continue to create better conditions and environments for local tenants.

The level of earmarked reserves held by Southend City Council (including maintained schools) as at 31 March 2023 is £114.606M (£134.341M at 31 March 2022) (see note 20 in the Statement of Accounts 2022/23).

Revenue Outturn 2022/23

The final revenue outturn position for 2022/23 on a net expenditure basis is set out in Table 4. The analysis of the actual costs reflects the way the Council's finances are managed, as opposed to the statutory required analysis used in the Statement of Accounts itself.

The analysis in Table 4 does not include any of the following income and expenditure items: pension adjustments, MRP adjustments, recharges, capital charges, Revenue Expenditure Funded from Capital under Statute (REFCUS) and revaluation gains. These numbers can be identified in the statement of accounts.

The table illustrates the volatility and financial impact against the approved budget for 2022/23 for the General Fund and highlights the scale of spending variations, caused by increases in service demand and inflationary pressures. A reduction of £4.295M in the planned level of revenue contributions to capital expenditure, primarily due to a lower number of properties acquired and constructed to provide more affordable homes within the HRA. The extra £1.297M received for non-service specific grants relates to the extra Government support received for resettlement programmes relating to Afghanistan and Ukraine and New Burdens funding from Government. Careful consideration has also been given to ensure that the Council prepares appropriately for the ongoing impact of global events, local economic recovery aspirations and continuing levels of high inflation in 2023/24 and the future.

Table 4 Revenue Outturn 2022/23

	2022/23 Budget £000s	2022/23 Actual £000s	2022/23 Variance £000s
Portfolios			
<i>Leader: Corporate Matters and Performance Delivery</i>	24,550	24,106	(444)
<i>Deputy Leader (May-Oct): Environment, Culture and Tourism</i>	11,470	13,007	1,537
<i>Deputy Leader (Nov-May): Public Protection</i>	14,680	16,129	1,449
<i>Adult Social Care and Health Integration</i>	46,403	45,860	(543)
<i>Asset Management and Inward Investment</i>	3,885	4,722	837
<i>Children and Learning and Inclusion</i>	32,836	36,621	3,785
<i>Economic Recovery, Regeneration and Housing</i>	2,848	1,023	(1,825)
<i>Highways, Transport and Parking</i>	2,358	4,129	1,771
<i>Housing Revenue Account</i>	(11,801)	(12,607)	(806)
<i>Corporate Budgets</i>	14,582	13,221	(1,361)
Net Controllable Cost of Portfolios	141,811	146,211	4,400
<i>Levies</i>	680	735	55
<i>Leigh Town Council Precept</i>	453	453	0
<i>Financing Costs, Interest, etc.</i>	20,022	17,437	(2,585)
Net Operating Expenditure	162,966	164,836	1,870
<i>Revenue Contribution to Capital</i>	8,727	4,432	(4,295)
<i>Non Service Specific Grants</i>	(12,692)	(13,989)	(1,297)
<i>Contribution to / (from) Earmarked Reserves</i>	(21,007)	(16,375)	4,632
Total to be Funded from Council Tax and Formula Grant	137,994	138,904	910
<i>Funded from</i>			
<i>Revenue Support Grant</i>	(6,244)	(6,244)	0
<i>Retained Business Rates</i>	(35,453)	(36,363)	(910)
<i>Collection Fund Surplus and Reserves</i>	(1,500)	(1,500)	0
<i>Planned Contributions from Reserves</i>	(2,500)	(2,500)	0
<i>Council Tax (Southend-on-Sea Borough Council and Leigh Town Council)</i>	(92,297)	(92,297)	0
Total Funding	(137,994)	(138,904)	(910)
Contribution (to) / from General Reserve	0	0	0

Table 5 reconciles the analysis of the Comprehensive Income and Expenditure Statement in the Statement of Accounts 2022/23 to the outturn summary in Table 4.

Table 5 Reconciliation of Gross Expenditure to Transfer to General Fund

	2022/23 £000s
<i>Gross Expenditure on Services</i>	478,760
<i>Gross Income on Services</i>	(432,376)
<i>Net Cost of Services</i>	46,384
<i>Adjustments between accounting basis and funding basis under regulation</i>	(65,368)
<i>Transfers from Earmarked Reserves and HRA</i>	18,984*
<i>Contribution (to) / from General Reserve</i>	0

* This figure excludes the movement in schools balances of £0.751M.

The “Transfer (to) / from the General Reserve” of nil is common throughout, regardless of the format of the information.

The Council has spent £478.760M to deliver services funded by £478.760M of income in 2022/23. The following charts show how the money was funded in 2022/23 and how it was spent.

Figure 3 Revenue Income (Funding Sources) 2022/23

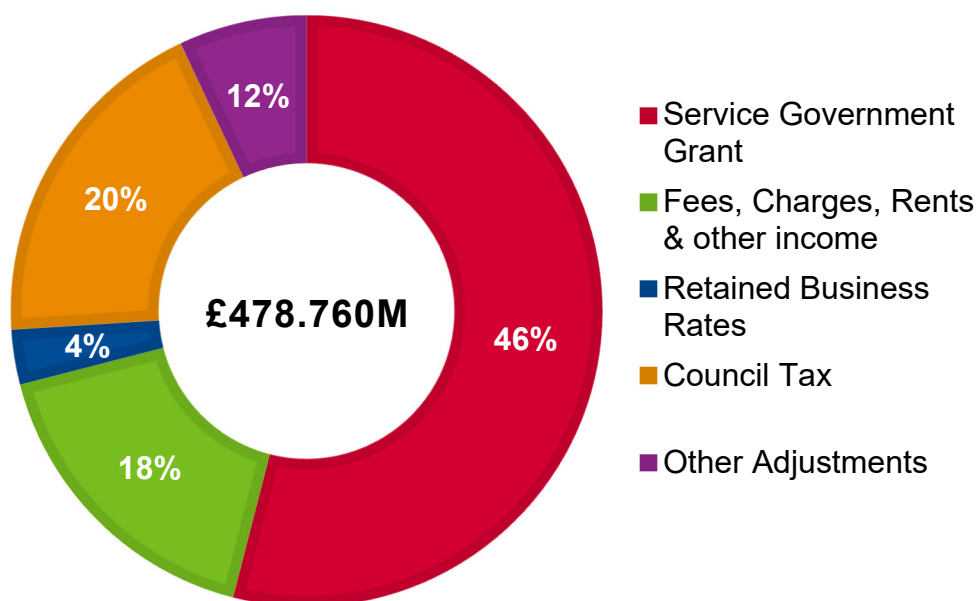


Figure 3 sets out how gross expenditure is funded. The largest source of income is government grants (see Note 18 in the Statement of Accounts 2022/23 for a full analysis). It remains the largest element due to the continuation of the national subsidy arrangements for local eligible benefit claimants, increased one-off Government grants issued in 2022/23 to provide support to the energy price increases and funding for local schools from the Dedicated Schools Grant. For the majority of Council services direct support from Government Grant continues to reduce in real terms each year and represents a smaller proportion of the total cost of provision. Whilst not direct income received in year, other adjustments include the appropriate application of earmarked reserves and reversal under statutory regulations for accounting charges that are put through the income and expenditure statement.

Figure 4 Gross Revenue Expenditure Objective (Service Area) 2022/23

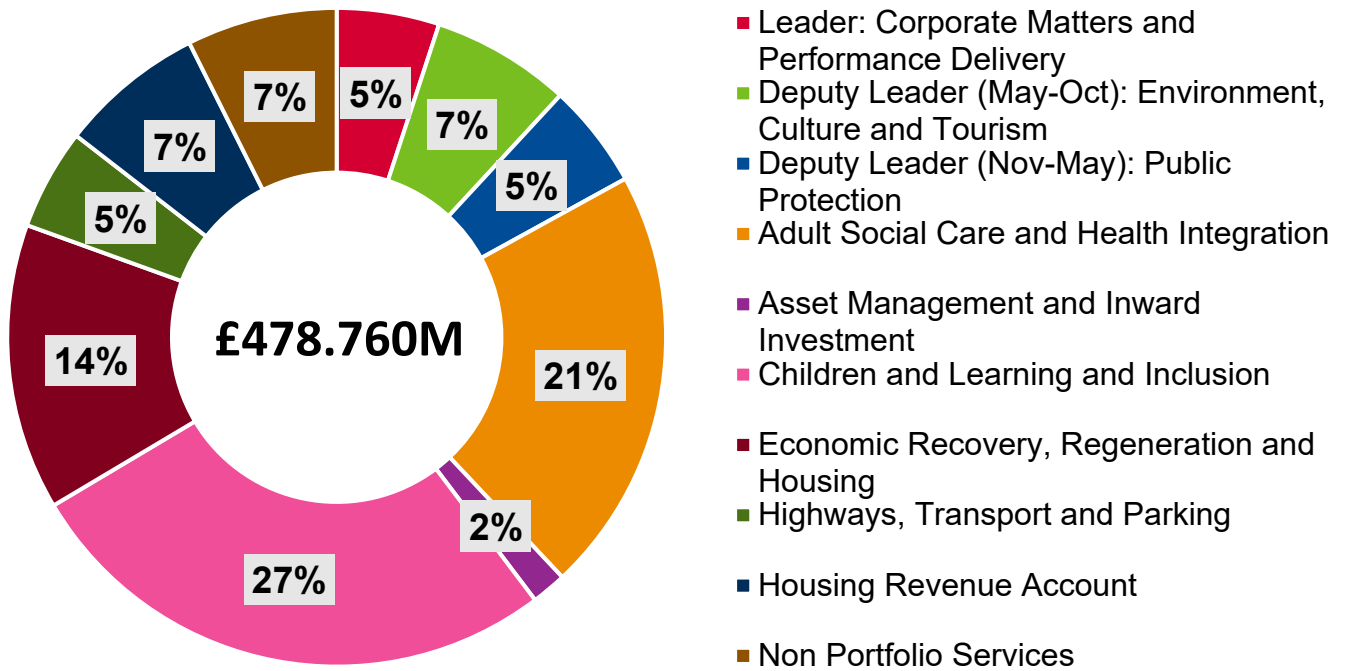


Figure 4 sets out how gross expenditure is split across the various portfolios of services the Council operates under. As part of the funding source commentary highlighted for Figure 3 the Corporate Matters and Performance Delivery includes the £53M cost of housing benefit payments made. Children & Learning includes the passing onwards of dedicated schools' grants and other payments to the Council's maintained schools. Non portfolio services include interest payable, levies and payments to the Government Housing Capital Receipts Pool.

Figure 5 Gross Revenue Expenditure Subjective (By Type) 2022/23

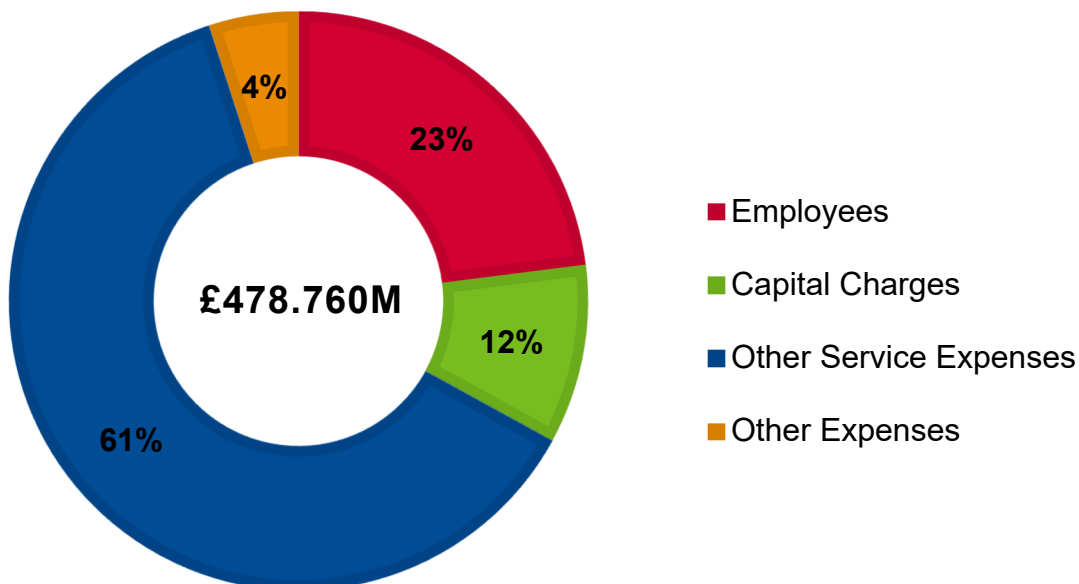


Figure 5 sets out how gross expenditure is split by type. Other service expenses cover the running costs of services excluding employees, and therefore includes the cost of suppliers and contractors, together with monies paid out to schools and benefit claimants. Other expenses cover several accounting charges put through the income and expenditure statement, only to be reversed under statutory regulations.

Economy, Efficiency and Effectiveness

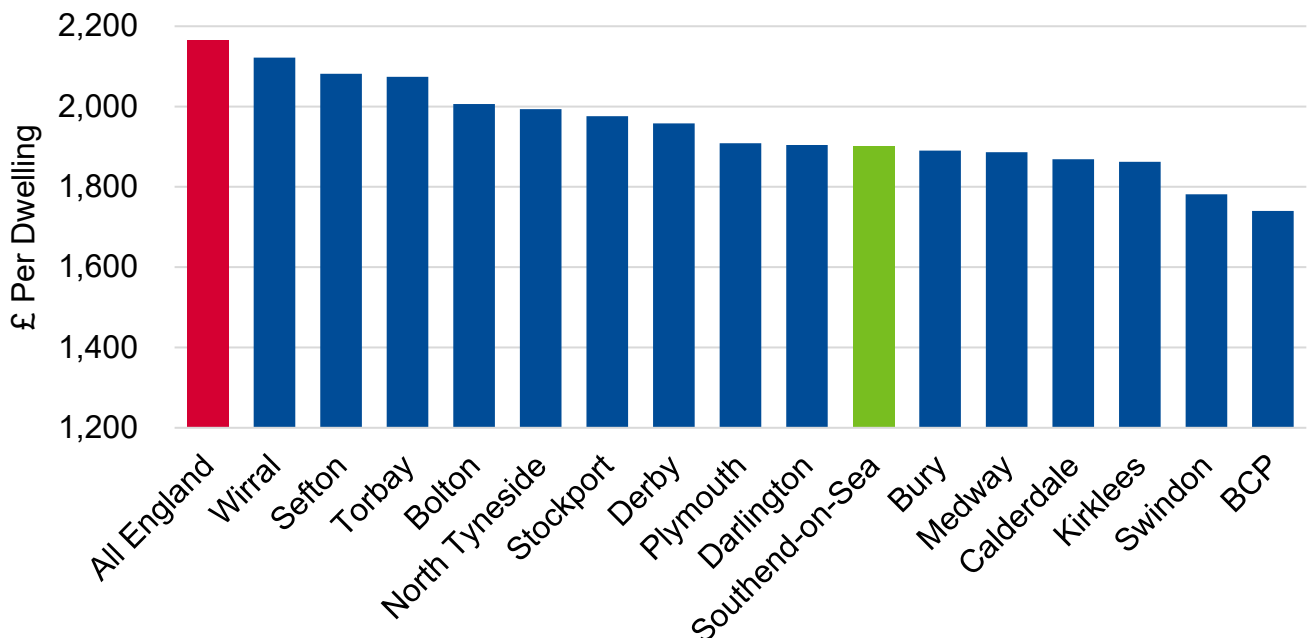
The Council is continually striving to improve all aspects of the organisation in terms of value for money. Its goal is to also improve the wellbeing and productivity of all staff by investing in technology, encouraging innovation, creativity, and modern ways of working via the WorkSmart initiative and feedback from the extensive consultation undertaken with staff around our Future Ways of Working (FWOW) in response to the pandemic and increasing demand challenges.

Our 'Getting to Know Your Business' programme for service managers continued to be embedded in 2022/23 and will be essential in assessing the new operating environment, financial challenges and value for money of service delivery arrangements. The ambition remains that all service managers in Southend-on-Sea City Council will have a comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight. This programme will be designed to support managers to improve productivity and efficiency in all our business areas ensuring that we secure best value but also to support a more targeted outcomes-based approach to investment.

A programme of major transformation service redesign is also under development to help meet the evolving needs of residents, improve their customer experience, whilst also enabling them to be more independent and local communities more self-sufficient and sustainable. This will help to target scarce resources where they are needed most.

To inform and highlight the Council's relative success in delivering the full range of unitary authority services locally with less resources Figure 6 illustrates where the Council ranks based on the spending power per dwelling against our nearest statistical neighbour's comparator group. For spending power per dwelling the Council now ranks 10th out of 16 authorities within our group which means that it has less comparable resources available to meet the relative needs of residents, when compared with similar local authorities.

Figure 6 Core Spending Power per Dwelling (£) 2022/23

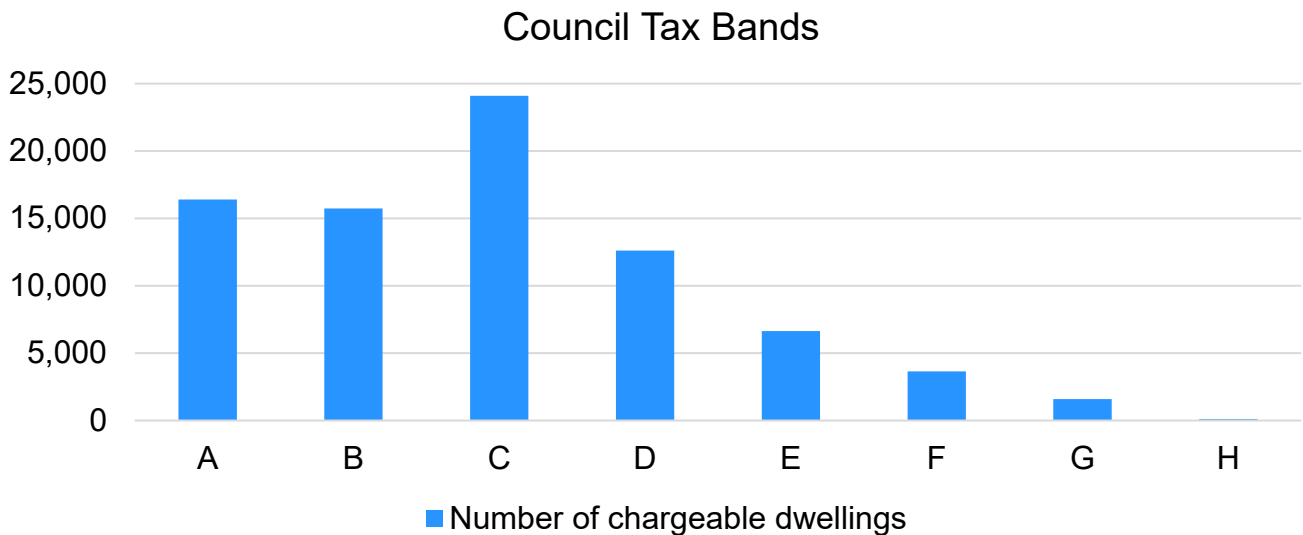


Source: DLUHC

Core Spending Power measures the core revenue funding available for local authority services, including Council Tax and locally retained business rates.

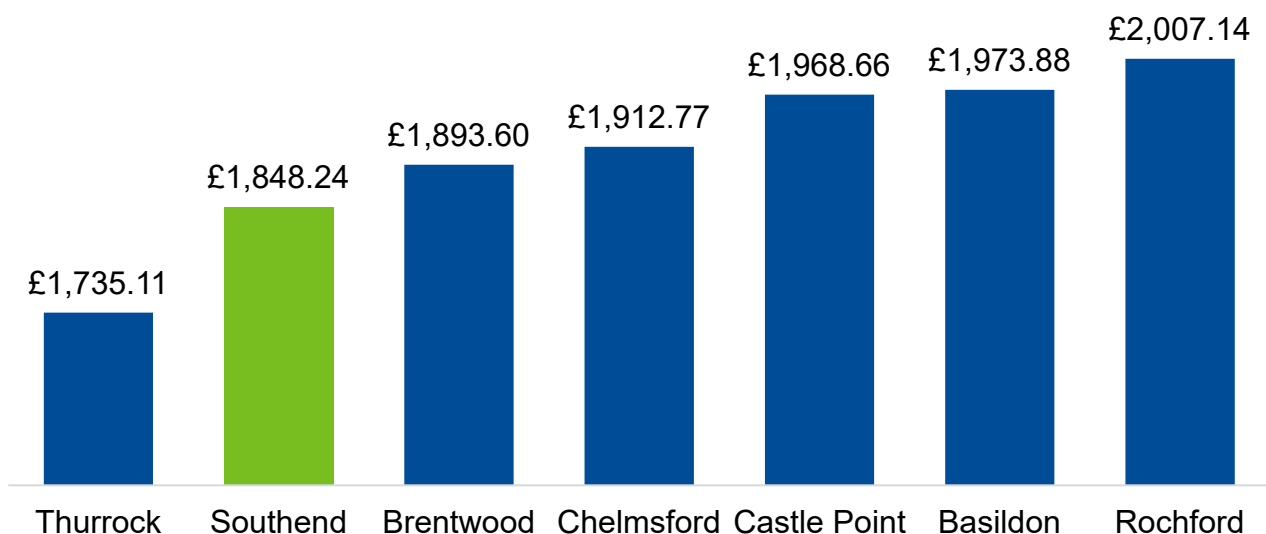
The Council also suffers from a relatively weak domestic dwelling tax base as illustrated in Figure 7. This shows that around 70% of all domestic dwellings are in Bands A - C and therefore these households pay below the Band D average, which is the national comparator for Council Tax charges. This local situation is then further compounded due to almost 35% of all chargeable domestic dwellings currently receiving a 25% discount due to single person occupancy and a further 3% of dwellings currently entitled to between 50% to 100% exemption/discount from Council Tax liability.

Figure 7 Properties per Council Tax Band in Southend on Sea 2022/23



Historically when the Council first became a Unitary Authority it took local decisions to try to minimise the financial burden on the local council taxpayer for Southend-on-Sea as far as possible. Figure 8 illustrates the level of council tax (Band D equivalent) charged by Local Authorities from our nearest geographical neighbours in Essex for 2022/23. This is an important factor when considering Southend-on-Sea’s commitment to providing value for money services that meet the needs of residents.

Figure 8 Council Tax Comparison - Band D 2022/23



Capital Expenditure

As well as delivering vital day to day services for residents, businesses and visitors, the Council continues to be at the heart of investment in the local area, improving assets to deliver services more efficiently and effectively and creating the right conditions to attract additional private sector investment.

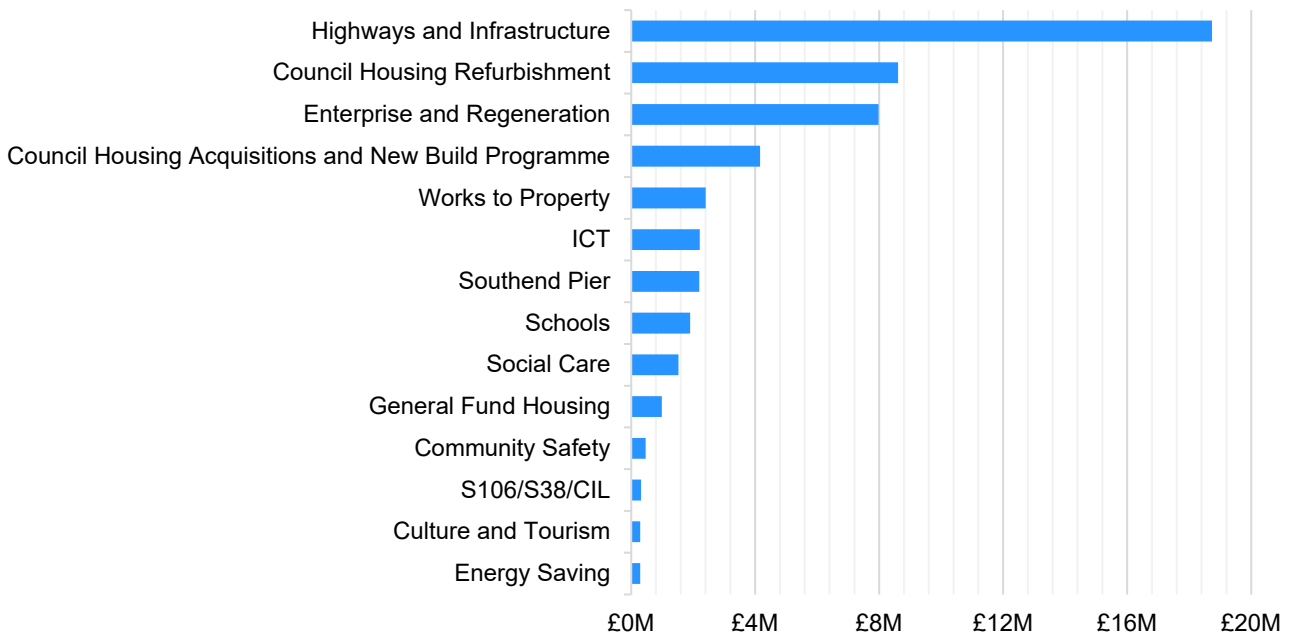
Capital spending can generally be defined as that which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets.

In 2022/23 the Council invested £52.1m (£69.5m in 2021/22) into capital schemes to continue to improve Southend as a place, including the development of the Airport Business Park, improvements to the city's highways and footpath network, investment in the Pier, the refurbishment, acquisition and construction of council housing and investment to develop and enhance the Council's IT systems.

Capital Investment 2022/23

A summary of the investment programme is shown in the following chart:

Figure 9 Capital Investment Programme 2022/23



In Figure 9, S106 agreements are planning obligations under Section 106 of the Town and Country Planning Act. S38 agreements are highways obligations under Section 38 of the Highways Act 1980. CIL refers to the Community Infrastructure Levy charged on new developments which is used to fund infrastructure.

The strategic capital projects that the Council has undertaken this year are summarised in Table 6.

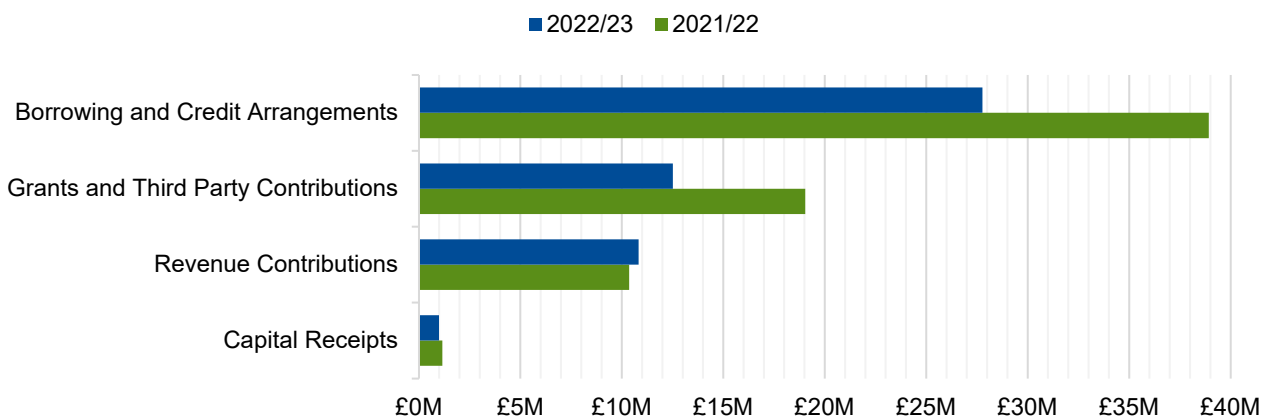
Table 6 Summary of Strategic Capital Projects in 2022/23

<i>Capital Project</i>	<i>2022/23 £000s</i>
<i>Footways and Carriageways</i>	11,059
<i>Housing Revenue Account – Council Housing Refurbishment</i>	8,611
<i>Airport Business Park</i>	4,254
<i>Highways and Infrastructure – Local Growth Fund and Local Transport Plan</i>	3,637
<i>Housing Revenue Account – Housing Acquisitions Programme</i>	3,586
<i>ICT Schemes</i>	2,213
<i>Southend Pier Schemes</i>	2,197
<i>Better Queensway</i>	1,352
<i>Levelling Up Fund Schemes</i>	1,245
<i>Parking Schemes</i>	1,238
<i>Victoria Centre</i>	753
<i>Housing Revenue Account – Construction of New Housing</i>	574

Financing of Capital Expenditure

The external funding of the capital investment programme comes from several sources, including government funding, third party (often private sector) contributions, capital receipts from the sale of assets, and borrowing. Figure 10 shows how the £52.1m capital expenditure was funded for the 2022/23 year.

Figure 10 Capital Expenditure Funding Sources 2022/23 with 2021/22 comparatives



Borrowing is kept within affordable levels, with the total accumulated loans owed to external lenders and credit arrangements amounting to £357.4m at 31 March 2023 (£358.0m at 31 March 2022).

The Council also owes money to Essex County Council in respect of assets transferred to Southend-on-Sea City Council in 1998 as part of the Local Government Re-organisation. The amount is £9.2m at 31 March 2023 (£9.6m at 31 March 2022).

The Council's operational upper limit for borrowing has been set at £385m (excluding transferred debt) (£375m in 2021/22). Accounting for the borrowing outlined above, this leaves headroom of £27.6m (£17.0m in 2021/22).

This level of debt should also be viewed in relation to the Council's long-term assets (excluding the net pensions assets) which have a net book value of £1,004.9m at 31 March 2023 (£1,009.9m at 31 March 2022).

Long Term Assets

The Council's long-term assets are those expected to provide benefits beyond 12 months and consist of Property, Plant & Equipment, Heritage Assets, Investment Property, Intangible Assets, Long Term Investments and Long Term Debtors. At 31 March 2023, the total net book value of these long-term assets (excluding the net pensions assets) was £1,004.9m (£1,009.9m at 31 March 2022).

As a result of the Government's recent policy on the transfer of schools to academy status, over the last few years many of the City's schools have transferred. No schools transferred in 2022/23 and it is anticipated that one further school may transfer in the forthcoming year. If any did, this would reduce the current net book value of the long-term assets held of £51.5m at 31 March 2023 (£50.0m at 31 March 2022) for schools on the Council's Balance Sheet.

Housing

The Council is required by statute to maintain the Housing Revenue Account (HRA) in overall surplus, which includes balances brought forward from the previous year.

For the 2022/23 financial year the HRA has maintained the same general balance carried forward of £3.5M (£3.5M in 2021/22). Council rents for general needs and sheltered properties were increased by 4.1% in 2022/23 (increased by 1.5% in 2021/22) in accordance with the long-term rent deal announced by the government in October 2017. This allowed for annual rent increases of up to the Consumer Price Index (CPI) rate at September each year plus 1 percentage point.

In 2022/23 average rents for general needs properties (excluding service charges) were £94.22 per week (£90.51 in 2021/22), and £82.08 per week (£78.85 in 2021/22) for sheltered accommodation.

The full financial performance of the HRA is reported in the Statement of Accounts 2022/23.

Group Performance

Local Authorities with subsidiary companies, associated companies and joint ventures are required to prepare group accounts. The Council has two wholly owned subsidiaries, South Essex Homes Limited and Southend Care Limited that prepare and publish their own accounts, which are then consolidated with Southend-on-Sea City Council.

In addition, the Council has three other subsidiary companies and was party to five joint ventures, for which the Council's proportions of net assets are immaterial to the accounts and therefore have not been consolidated into the group accounts, with the exception of Porters Place Southend-on-Sea LLP. This joint venture is not yet material in a quantitative sense but will become so as the years progress and has been deemed material from a qualitative perspective as Better Queensway is the largest housing and regeneration project the Council has undertaken since the 1960's. Sanctuary Housing Association's recent acquisition of Swan Housing Ltd has contributed to a delay in the finalisation of the LLP's draft Financial Statements for 2022/23. These draft group accounts have therefore been prepared without including 50% of the figures for Porters Place Southend-on-Sea LLP. The figures will be included before the audited and signed 2022/23 Statement of Accounts for the Council are published.

It is positive to report that both Council wholly owned subsidiaries had a net surplus in respect of their pension liabilities as at 31 March 2023.

A joint venture partnership between Southend-on-Sea City Council and London Hire Community Services to provide a passenger transport service across the City was trading as Vecteo as at 31 March 2023. At that date the Council had a 49% holding. On 12 May 2023 the Council became the 100% shareholder of the company.

The Council is also sole trustee for eight Trusts, all of which have been consolidated as part of the Group Accounts for 2022/23.

Financial Health of the Council as at 31 March 2023

2022/23 was another exceptional and challenging year, with volatility in expenditure as a direct consequence of rising inflation and interest rates and the realisation of pent-up demand for our services (especially in Social Care) following on from the COVID-19 pandemic. The escalation and speed of the increases in the direct costs of service provision and additional price pressure from our supply chains was significant. This was combined with not only major increases in service demands but also in complexity.

Despite the very tough operating environment and the continuation of major cost and demand risks still prevalent and continuing into 2023/24, the Council remains in a relatively financially stable and resilient position. It is clear though that major service re-design is required, and the Council will have to look at ways to reduce its cost base and to generate additional income now and in the medium term to remain financially sustainable. The effective and robust implementation of the new transformation blueprint and change programme will be essential.

Assets

During 2022/23 fixed assets have increased in value by £0.4M (£64.1M in 2021/22) due to the net effect of additions, disposals, revaluations, and depreciation.

Fixed assets included in the Balance Sheet at current value are revalued or have indexation adjustments applied sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum are revalued every five years.

For additional information see notes 21 to 24 in the Statement of Accounts 2022/23.

Capital Investment and Borrowing

The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a measure of the Council's debt position and represents capital expenditure up to the end of 2022/23 which has not yet been charged to revenue. The process of charging the capital expenditure to revenue is a statutory requirement and is done by means of the Minimum Revenue Provision. The position for 2022/23 is summarised in Table 7.

Table 7 Capital Financing Requirement

	2022/23 £M
<i>Balance 1st April 2022</i>	426.7
<i>Plus: capital expenditure financed by borrowing (internal and invest to save financing)</i>	27.7
<i>Plus: fixed assets subject to finance leases</i>	0.1
<i>Less: Minimum Revenue Provision</i>	(11.3)
<i>Balance 31st March 2023</i>	443.2

The CFR is the Council's theoretical need to borrow but the Council's actual borrowing position can be managed by either borrowing to the CFR, choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or borrowing for future increases in the CFR (borrowing in advance of need).

The Council has currently addressed the theoretical need to borrow by having undertaken external borrowing and credit arrangements of £357.4M and by internally borrowing the remaining £85.8M. Actual borrowing will only be undertaken as and when required to finance capital and the amount and timing of any loans will have regard to the Council's cash flow, the prevailing interest rates and the future requirements of the capital investment programme.

The capital investment programme over the next five years is planned to be financed as shown in *Table 8*.

Table 8 Financing of Capital Investment

	2023/24	2024/25	2025/26	2026/27	2027/28	Total £M
	£M	£M	£M	£M	£M	
<i>Borrowing</i>	26.8	14.3	7.8	7.8	0	56.7
<i>Grants and third-party contributions</i>	48.0	7.6	0.8	0.8	0.6	57.8
<i>Revenue Contributions</i>	14.7	19.0	6.7	6.1	0	46.5
<i>Capital Receipts</i>	5.9	1.9	0.2	0	0	8.0
Total	95.4	42.8	15.5	14.7	0.6	169.0

Pensions

The Council participates in the Local Government Pension Scheme administered by Essex County Council. It is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into the fund, calculated at a level to balance the pension liabilities against investment assets.

The fund is subject to a valuation every three years. The 31 March 2019 valuation set the contribution rates from 2020/21 to 2022/23. At 31 March 2019, the funding level for the whole fund was estimated at 97% and the Council agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 5 years.

The 31 March 2022 valuation has taken place which set the contribution rates from 2023/24 to 2025/26. At 31 March 2022, the funding level status for the whole fund was estimated at 102.3%. This positive performance has enabled the Council to formally agree a reduced level of employer pension contributions over the years 2023/24 to 2025/26.

At 31 March 2023 the Council has a credit balance on the pensions reserve due to the fair value of the fund assets being higher than the actuary's determination of the present value of the defined benefit obligations.

For additional information see note 37 in the Statement of Accounts 2022/23.

Reserves

The Council's reserves consist of general and earmarked reserves. The movement in Reserves Statement in the Statement of Accounts 2022/23 shows the split and movement of those reserves during the year.

The Council maintains a level of balances and reserves to meet any future unforeseen expenditure that may arise and for any planned future expenditure. These balances are held in the form of a general contingency such as the General Fund Balance, or for a specific purpose in the form of an earmarked reserve.

The Council has comprehensively updated its Medium Term Financial Strategy based on the best possible information it had available at the time (approved February 2023) reflecting an assessment of the local impact of the inflationary pressures, local priorities and ambitions. The Council must consider emerging risks such as uncertainty of future funding levels from 2024/25, the ongoing inflationary pressures and other external factors such as the longer-term impact of COVID-19, Brexit, internal risks including increased commercial activity and the challenges faced by all upper tier local authorities linked to increasing demand, cost and complexity in areas like social care.

Due to the need to deal with the unavoidable increased inflationary cost and demand pressures throughout 2022/23 and to continue to maintain the delivery of critical services to our local communities the Council has been forced to decrease its overall level of reserves compared to what was originally planned. The Council is still in a relatively strong resilient financial position compared to many other Local Authorities. The future challenge is substantial though and our remaining reserves are held to provide both a buffer for the uncertain challenging operating environment we face and to invest in critical service transformation programmes.

These factors have contributed to the Council continuing to maintain a General Fund Balance of £11.0M at 31 March 2023 (£11.0M at 31 March 2022).

At 31 March 2023 the Council holds £77.274M (£95.935M at 31 March 2022) of general fund earmarked reserves as shown in Table 9.

Table 9 General Fund Earmarked Reserves

Earmarked Reserve	Opening Balance 1 April 2022 £M	Contributions / (Use) 2022/23 £M	Closing Balance 31 March 2023 £M
<i>Capital Investment Reserves</i>	24.118	(4.612)	19.506
<i>Insurance Reserves</i>	6.033	(0.611)	5.422
<i>Corporate Reserves</i>	28.263	(8.242)	20.021
<i>Service Reserves</i>	11.153	(1.350)	9.803
<i>Grant Reserves</i>	17.914	(7.363)	10.551
<i>Dedicated Schools Grant</i>	8.401	3.517	11.918
<i>Monies Held in Trust</i>	0.053	0	0.053
Total	95.935	(18.661)	77.274

The net total contribution from earmarked reserves in 2022/23 of £18.661M (*net total contribution from earmarked reserves of £5.798M in 2021/22*) includes the planned use of £6.7M of Section 31 Grant for Business Rates appropriated in 2021/22. Similarly, £3.5M of COVID-19 grants received in 2020/21 and 2021/22 were fully used in 2022/23, as planned. Specific earmarked reserves were used in the support of adult's social care costs (£2.5M), children's social care pressures (£2.5M) and £2.5M which was agreed to support the overall budget when it was set in February 2022.

The net total contribution from reserves of £18.661M included the addition to reserves of £13.3M which includes £3.6M of ring-fenced Dedicated Schools Grant, £5.6M of other grant carried forward for use in 2023/24 and future years.

The HRA's financial strategy includes a determination that a prudent level of the HRA General Balance is £3.5M (£3.5M for 2021/22), having regard for the inherent levels of future financial risk and uncertainty. The Council's HRA holds £34.516M (£34.839M on 31 March 2022) of earmarked reserves as shown in Table 10.

Table 10 HRA Earmarked Reserves

HRA Earmarked Reserve	Opening Balance 1st April 2022 £M	Contributions / (Use) 2022/23 £M	Closing Balance 31st March 2023 £M
<i>Capital Investment Reserve</i>	27.997	(2.770)	25.227
<i>Revenue Major Repairs Reserve</i>	6.142	2.387	8.529
<i>Contract Pension Reserve</i>	0.700	0.060	0.760
Total	34.839	(0.323)	34.516

The HRA also maintains another Major Repairs Reserve which is limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance of this reserve at 31 March 2023 is £9.916M (£8.395M at 31 March 2022) and represents the level of capital resources that have yet to be applied at the year-end.

There are also usable capital receipts of £18.005M (£4.282M general fund and £13.723M HRA) and capital grants not yet applied of £38.856M available to finance future planned capital expenditure.

The maintained schools in the city also hold £2.816M of balances and £11.918M of earmarked reserves. These, together with the general fund and HRA earmarked reserves in the tables above, comprise the total of £114.606M of earmarked reserves shown in note 20 in the Statement of Accounts 2022/23.

Brexit On-going Considerations

On 23 June 2016, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Following the General Election on 12 December 2019, a new Conservative Government was elected, and Parliament ratified the withdrawal agreement. The UK left the EU at 11pm GMT on 31 January 2020. This began a transition period that was set to end on 31 December 2020. The UK and the EU continue to negotiate their future relationship on several economic and policy areas. The outcome of these negotiations will determine the outstanding arrangements that will apply in relation to the terms of the UK's exit.

Southend-on-Sea City Council have kept a watching brief over developments throughout 2022/23. This remains a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Increased Regional Engagement and Activity

The past year has seen the council increase its role and involvement in wider regional activity. This has included:

- exploring opportunities for local government devolution (as described in the Government's February 2022 Levelling Up white paper)
- continuing to support the Joint Committee and work programmes of the Association of South Essex Authorities (ASELA).

The Council supported a comprehensive regional resource review, including taking a leading role in the Digital workstream, as well as performing the Committee's secretariat and taking on the Accountable Body function for the partnership in 2022/23.

Enhanced devolution conversations have seen Thurrock, Essex and Southend Councils working together to understand how devolution might benefit the wider region. An Expression of Interest was submitted to government in March 2023, outlining a package of policy aspirations across the Greater Essex area. Working alongside the two upper tier authorities, districts and partners including the Police, Fire and Crime Commissioners office, Southend-on-Sea officers are scoping potential future governance structures. Discussions with government are expected to take place over the summer before key decisions are presented to the councils for a decision and public consultation.

Medium Term Financial Strategy (MTFS) 2023/24 – 2027/28

The key overriding aim of the Council's MTFS is 'To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic outcomes, priorities and sustainable services.'

As part of the development and approval of the Council's 2023/24 Budget and Medium Term Financial Strategy in February 2023 a commitment was given to a new Transformation Blueprint and development of a major service redesign programme for 2023/24 – 2027/28. This was agreed as part of the Council's overall budget package, with specific areas and themes identified to be scoped and developed further during 2023/24, against a clear set of approved guiding principles. This commitment has been supplemented and enhanced from 1 April 2023 by the introduction of new comprehensive service plans that cover every area of the Council. The ambition is to support the Council's future financial sustainability commitment and help to target resources and re-design plans to avoid a financial 'cliff edge' which would require **even** more drastic action over a shorter time frame.

Other measures to complement this new Transformation Programme and enhance the Council's financial resilience and continue to improve the value for money delivery of services will also continue and include: on-going budget reviews; implementation of outcome-based budgeting principles; better linking of business planning and budgeting to service outcomes; effective and creative management of service demand; review of major contractual arrangements; further implementation of the Commissioning Framework; exploring new commercial opportunities; evaluating a range of income generation initiatives and continuing to enhance our systems, processes and internal business transformation arrangements.

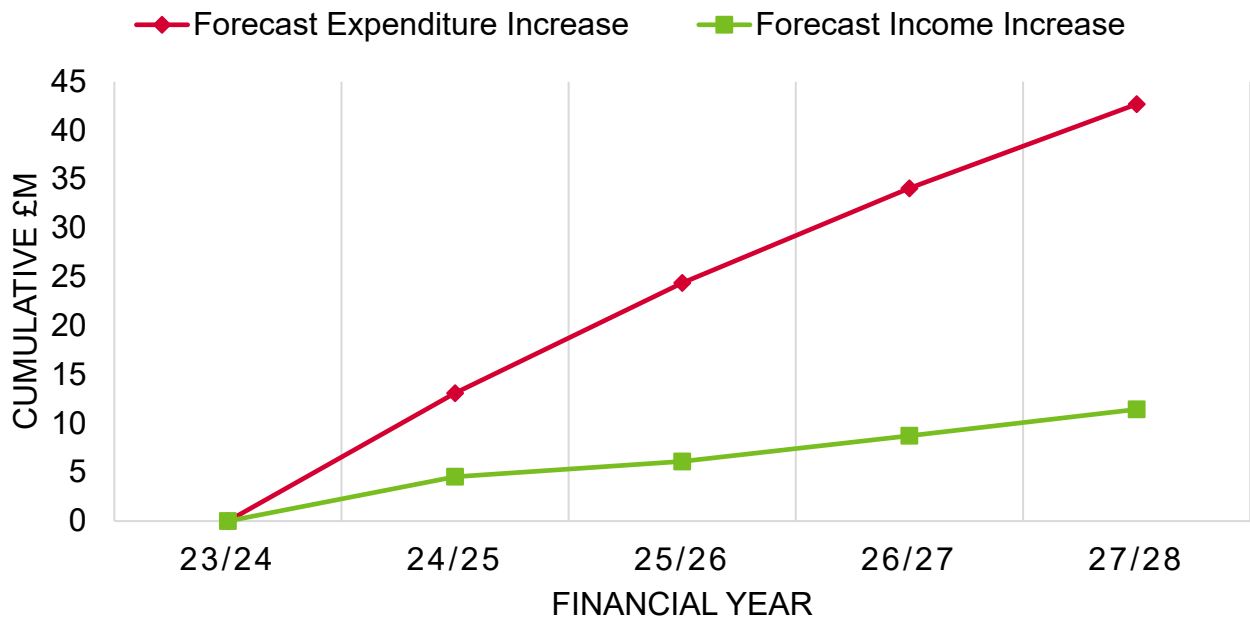
The unpredicted and unprecedented rapid rise in inflation throughout 2022/23, together with changing professional opinions on the depth and potential duration of continued inflationary increases into the future, will add significant new pressures and local challenges for the Council. The operating landscape continues to be uncertain as the medium to long term implications on demand and future cost of service delivery are difficult to assess. The situation will continue to be closely monitored and appropriate tactics will be deployed to support local businesses and communities wherever possible throughout 2023/24.

A considerable amount of analysis and financial planning was undertaken throughout 2022/23, particularly due to the fact that Southend-on-Sea was already having to respond to some high value social care demand trends from previous years. This scenario was replicated in many other upper tier authorities right across the country. These pressures had been recognised locally and attempts were made to address some of these issues by increasing the revenue base of these services for 2023/24 and as part of the Medium Term Financial Strategy.

The concerns highlighted early in 2022/23 around the potential for previously hidden demand during the pandemic did surface locally throughout the year. This was compounded by the combination of the impact of 'post COVID-19' re-engagement and demand for Council services and the cost-of-living crisis that developed throughout 2022/23 which had a substantial impact on all our local communities, but particularly in the more deprived areas.

The Council was predicting a cumulative budget gap of £29.8M up to the end of 2027/28. The Council's forecast profile of this budget gap for each of the next five years is detailed in the following chart (*Figure 11*) which illustrates the estimated funding gap to 2027/28 as reported to Council in February 2023.

Figure 11 Forecast Income and Expenditure



It is too early to assess or form clear conclusions around the level of financial pressure that the Council will be faced with in 2023/24. We are aware of the continuation of the risks of inflationary pressures, including employee pay negotiations and increases in both the cost and complexity of demand for critical statutory services. We have modelled scenarios and earmarked specific service risk reserves for the most volatile statutory service areas of Childrens and Adults Social Care to provide a safety net. The challenge of continuing to design and implement potential financial mitigating strategies for 2023/24 will be significant.

A comprehensive Period 4 financial monitoring and performance report will be presented to Cabinet in September 2023. This will highlight the extent of the financial pressure in 2023/24 and provide a revised illustration of the potential impact on the Council's budget over the medium term until 2027/28.

To help address and close the revised estimated budget gap over the next five years the Council will continue to aim to achieve financial sustainability from local income sources in the future and improve its efficiency and productivity. The Council will continue to work collaboratively with its partners, increase its focus on the delivery or joint commissioning of services in a targeted way to ensure that those in most need and who will receive the greatest benefit are the recipients of services. It is vital that we continue learn from our experience, reduce our cost base wherever possible and tailor our services and working practices accordingly.

The Council also has an ambitious capital investment programme designed to create the right conditions to attract additional private sector investment into the local area and to directly benefit Southend's residents, businesses, and future visitors. The level of planned investment is £169M over the next five years.

Building a City Council Fit for the Future

The overall level of net cost reduction required by Southend-on-Sea Council to bridge a medium to long term deficit by 2027/28 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model.

Grant Thornton have been working with Southend-on-Sea City Council to rapidly review the Council's operating model and identify tactical and strategic opportunities for savings and change. Through their work with us they have made key observations about the operating model of the Council:

- As a twenty-first-century Council with an ever-tightening fiscal environment, Southend has no option but to modernise its operating model and find new, more cost-effective ways of meeting the needs of its communities in the context of a changing public sector landscape.
- Overall, the Council is relatively 'traditional' in its mode of service delivery, and there is significant opportunity to innovate, considering not just 'how' services are delivered but also 'what' services are delivered.
- The Council has a history of being all things to all people - a key objective of the Corporate Plan and Service Plans should be to define more clearly what the Council prioritises and delivers and therefore give officers the authority to stop/reduce non-essential activities.

The developing work has been through a period of 'idea generation' which produced a long list of opportunities across the themes of:

- Target operating model (modern, simplified and streamlined)
- Efficiency and productivity
- Service offer changes
- Commercial (income generation and third party / contractual arrangements)
- Resident & customer engagement

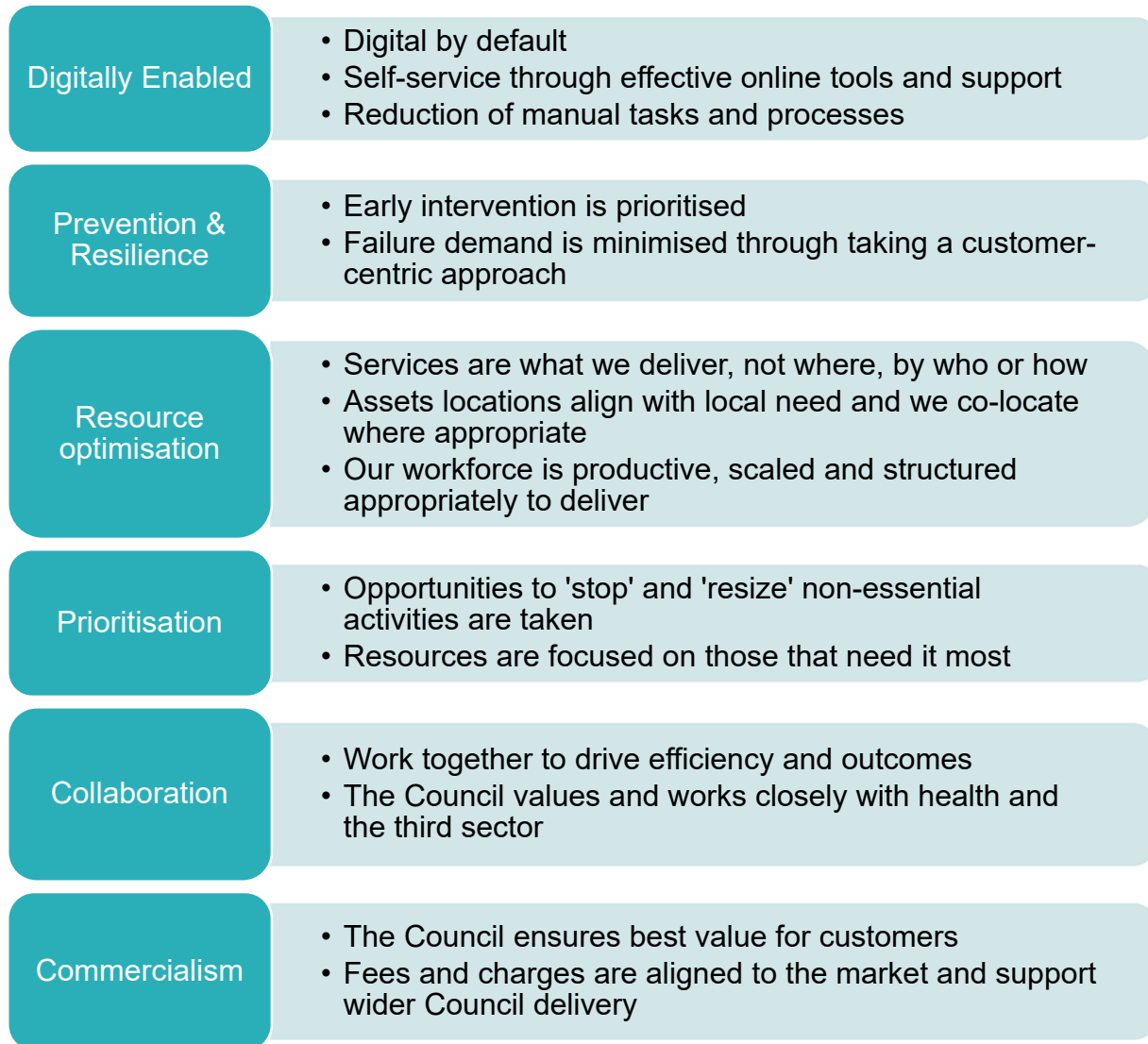
Due to the large number and scale of the value of opportunities identified, a comprehensive programme will be developed to focus activity, provide consistency and oversight as well as invest time and scarce resources in the right places. The transformation blueprint sets out this programme and organises these opportunities into workstreams to create order and sequence to activities.

A New Transformational Blueprint for the City Council

Southend on Sea City Council's transformation blueprint will look to provide a roadmap and framework for building a council that is fit for the future and is constructed of the following key elements.

Our transformation principles set the ambition for the Council and are the compass by which we will measure if an initiative helps the Council move towards the desired future state. They reflect the two sides of the organisation which are both important: Supporting vulnerable residents and protecting the Council. These principles are summarised in Figure 12.

Figure 12 Summary of Guiding Principles

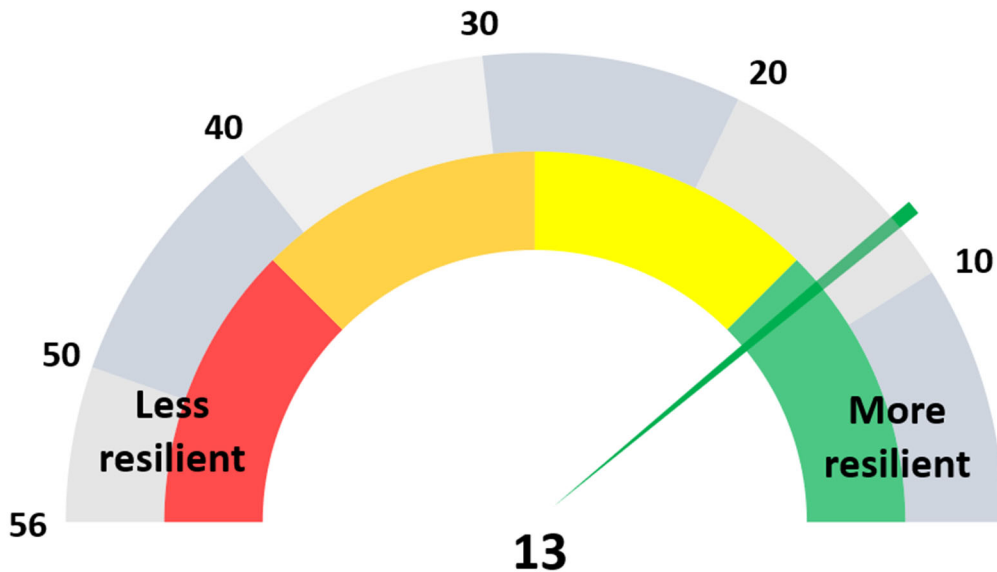


Financial Resilience and Future Sustainability

Financial resilience and future sustainability are important considerations. We are an ambitious Council and our local area secured City Status in 2022. We are committed to continually improving our performance and delivering better outcomes for residents through our guiding Southend 2050 ambition.

Our desire to improve, learn and provide value for money is also predicated on acting responsibly and ensuring our plans are affordable and sensible. Our approach and evidence of our relative financial strength was originally illustrated independently by CIPFA's Financial Resilience Index published for 2021.

Figure 13 Southend's performance in CIPFA's Financial Resilience Index 2021



At this time the index demonstrated that Southend was 13th out of 56 unitary authorities when ranked across the 16 indicators of financial stress. The only factor that was highlighted to be a potential higher risk within CIPFA's Index was the ratio of interest payable to net revenue expenditure. We believe that our approach is sustainable and is appropriate and proportionate in the context of our ambitious capital programme. Our plans and commitments are managed at a prudent level by using our relatively healthy level of reserves to allow cash balances to be used instead of external borrowing wherever suitable.

CIPFA have continued to publish updated resilience indexes for 2022 and 2023 but they recognised its limitations given the accounting impact of the Government's response to the COVID-19 pandemic which could result in misleading comparisons across unitary authorities. The prescribed accounting treatment, particularly in connection with Section 31 grants for Business Rates Reliefs, has temporarily artificially inflated reserves balances.

It is hoped when an updated index for 2024 is published the impacts of these arrangements will have stabilised and a true position of an individual Council's financial resilience will be established. Southend-on-Sea City Council's position against this index will be reported when our Medium Term Financial Strategy is next updated.

Annual Governance Statement

Our Annual Governance Statement (which commences on page 177 of this publication) summarises the outcome of our review of the Governance Framework that has been in place during 2022/23. The Annual Governance Statement demonstrates that we have effective governance arrangements in place, and that we are satisfied that we have a robust system of internal control, which is a critical component of our overall governance arrangements.

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptional hard work and dedication of staff across the Council. I would like to express my gratitude to all colleagues, from my team and other services and organisations, who have assisted in the preparation of this document. I would also like to thank them for all their support and expertise during what was again a very challenging 2022/23 financial year.

The Council and particularly the finance team will also have to manage the finalisation of the independent external audit for both 2021/22 and 2022/23 financial years, due to the resourcing and capacity challenges that our external auditors have experienced over the last 18 months. The final clean audit opinion on our 2020/21 Accounts was reported to the Council's Audit Committee on 26 April 2023.

I hope you find this narrative and accompanying statements clear and informative. If you require any further information or wish to make any comment on these Accounts, then please contact us by any of the options listed below.



Joe Chesterton
Executive Director (Finance and Resources)

Date: 31 May 2023

This publication is issued by: Financial Services, Southend-on-Sea City Council

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Visit our Website: southend.gov.uk

By Email: accountancyreturns@southend.gov.uk

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The Financial Statements

The information provided in this publication presents the financial position of Southend-on-Sea City Council as at 31 March 2023, and the financial results for the financial year 2022/23. As a large and diverse organisation, these accounts will by their nature be both technical and complex and the purpose of this foreword is to provide a guide to the accounting information and statements that follow and summarise the Council's performance for the year. Since the introduction of IFRS (International Financial Reporting Standards) for local government accounting in 2010/11, the core financial statements comprise:

- **Comprehensive Income and Expenditure Statement;**
- **Movement in Reserves Statement;**
- **Balance Sheet;**
- **Cash Flow Statement.**

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

The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

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

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.

These four Statements are then followed by notes providing more detailed information of various elements within the statements.

The main Statements and their notes are supplemented by three further sections:

The Housing Revenue Account (HRA) reports separately on the Council's landlord activities, which are consolidated into the main accounts. Detailed notes follow these statements to expand on the information provided.

The Collection Fund reports separately on the collection and distribution of non-domestic rates and Council tax.

Group Accounts consolidate the Council's main accounts with those of its Subsidiary and Associated Companies, Joint Ventures and Charitable Trusts.

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

Statement of Responsibility for the Statement of Accounts

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 Executive Director (Finance and Resources).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Executive Director (Finance and Resource's) Responsibilities

The Executive Director (Finance and Resources) 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 Executive Director (Finance and Resources) has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the local authority Code.

The Executive Director (Finance and Resources) has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Executive Director (Finance & Resources) Certificate

I certify that these accounts present a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year ended 31 March 2023.



Joe Chesterton, CPFA
Executive Director (Finance and Resources)
31 May 2023

Approval of the Statement of Accounts

In accordance with the requirements of Regulation 9 of the Accounts and Audit Regulations 2015, I confirm that the Statement of Accounts was approved by resolution of the Audit Committee of Southend-on-Sea City Council on [*to be confirmed*].

Councillor Martin Terry
Chair of Audit Committee
[*date to be confirmed*]

**INDEPENDENT AUDITOR’S REPORT TO THE
MEMBERS OF SOUTHEND-ON-SEA CITY
COUNCIL**

Opinion on the Financial Statements

Report on the Audit of the Financial Statements

Auditor's responsibilities for the audit of the financial statements

(Key Audit Partner)

For and on behalf of Deloitte LLP
Birmingham, United Kingdom

Deloitte LLP is a limited liability partnership registered in England and Wales (with registered number OC303675)

MAIN FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

2021/22			2022/23			
Gross Expenditure £000 Restated	Gross Income £000 Restated	Net Expenditure/ (Income) £000 Restated	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure/ (Income) £000
				24,114	(3,951)	20,163
34,797	(19,200)	15,597	Leader: Corporate Matters and Performance Delivery			
25,672	(6,460)	19,212	Deputy Leader (May-Oct): Environment, Culture and Tourism	32,732	(8,086)	24,646
22,792	(6,104)	16,688	Deputy Leader (Nov-May): Public Protection	24,590	(5,184)	19,406
104,308	(45,423)	58,885	Adult Social Care and Health Integration	100,434	(44,631)	55,803
5,718	(2,318)	3,400	Asset Management and Inward Investment	8,244	(2,666)	5,578
113,719	(65,424)	48,295	Children and Learning and Inclusion	128,109	(79,299)	48,810
71,168	(69,628)	1,540	Economic Recovery, Regeneration and Housing	67,315	(66,144)	1,171
26,270	(16,240)	10,030	Highways, Transport and Parking	23,746	(12,979)	10,767
404,444	(230,797)	173,647	Net Cost of General Fund Services	409,284	(222,940)	186,344
22,760	(30,573)	(7,813)	Local Authority Housing (HRA)	34,112	(29,842)	4,270
22,760	(30,573)	(7,813)	Net Cost of Housing Revenue Account Services	34,112	(29,842)	4,270
427,204	(261,370)	165,834	Cost of Services	443,396	(252,782)	190,614
5,610	0	5,610	Other Operating Income and Expenditure	1,189	(959)	230
23,615	(13,347)	10,268	Financing and Investment Income and Expenditure	34,175	(16,271)	17,904
0	(166,299)	(166,299)	Taxation and Non-Specific Grant Income	0	(162,364)	(162,364)
456,429	(441,016)	15,413	Deficit on Provision of Services	478,760	(432,376)	46,384
			Items that will not be reclassified to the Deficit on the Provision of Services			
		(39,980)	Surplus on Revaluation of Heritage and Property, Plant and Equipment Assets	9		(2,960)
		(75,696)	Re-measurement of Net Pension Liability	9		(260,522)
		(115,676)	Other Comprehensive Income and Expenditure			(263,482)
		(100,263)	Total Comprehensive Income and Expenditure			(217,098)

Movement in Reserves Statement

	Note	Revenue Reserves				Capital Reserves			Total Usable Reserves
		General Fund Balance	Housing Revenue Account	Earmarked Schools Budget Reserves	Other Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
		£000	£000	£000	£000	£000	£000	£000	
Balance at 1 April 2021		11,000	3,502	8,211	131,904	13,917	8,067	24,943	201,544
Surplus (Deficit) on the Provision of Services		(23,183)	7,770	0	0	0	0	0	(15,413)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(23,183)	7,770	0	0	0	0	0	(15,413)
Adjustments between accounting basis and funding basis under regulations	19	17,222	(7,583)	0	0	737	328	6,295	16,999
Net Increase / Decrease before Transfers to earmarked reserves		(5,961)	187	0	0	737	328	6,295	1,586
Transfers to / (from) Earmarked Reserves	20	5,961	(187)	3,757	(9,531)	0	0	0	0
Increase / Decrease in 2021/22		0	0	3,757	(9,531)	737	328	6,295	1,586
Balance at 31 March 2022		11,000	3,502	11,968	122,373	14,654	8,395	31,238	203,130

	Note	Revenue Reserves				Capital Reserves			Total Usable Reserves
		General Fund Balance	Housing Revenue Account	Earmarked Schools Budget Reserves	Other Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
		£000	£000	£000	£000	£000	£000	£000	
Movement in Reserves during 2022/23									
Surplus (Deficit) on the Provision of Services		(41,215)	(5,169)	0	0	0	0	0	(46,384)
Other Comprehensive Income and Expenditure		0	0		0	0	0	0	0
Total Comprehensive Income and Expenditure		(41,215)	(5,169)	0	0	0	0	0	(46,384)
Adjustments between accounting basis and funding basis under regulations	19	21,803	4,846	0	0	3,351	1,521	7,618	39,139
Net Increase / Decrease before Transfers to earmarked reserves		(19,412)	(323)	0	0	3,351	1,521	7,618	(7,245)
Transfers to / (from) Earmarked Reserves	20	19,412	323	2,766	(22,501)	0	0	0	0
Increase / Decrease in 2022/23		0	0	2,766	(22,501)	3,351	1,521	7,618	(7,245)
Balance at 31 March 2023		11,000	3,502	14,734	99,872	18,005	9,916	38,856	195,885

	Unusable Reserves							Unusable Reserves	Total Authority Reserves
	Revaluation Reserve	Financial Instrument Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account		
	£000	£000	£000	£000	£000	£000	£000		
Balance at 1 April 2021	285,887	(1,190)	(169,636)	208,006	3,750	(7,828)	(2,347)	316,642	518,186
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	(15,413)
Other Comprehensive Income and Expenditure	39,980	0	75,696	0	0	0	0	115,676	115,676
Total Comprehensive Income and Expenditure	39,980	0	75,696	0	0	0	0	115,676	100,263
Adjustments between accounting basis and funding basis under regulations	(9,380)	4,800	(24,684)	5,080	1,075	6,404	(294)	(16,999)	0
Net Increase / Decrease before Transfers to earmarked reserves	30,600	4,800	51,012	5,080	1,075	6,404	(294)	98,677	100,263
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2021/22	30,600	4,800	51,012	5,080	1,075	6,404	(294)	98,677	100,263
Balance at 31 March 2022	316,487	3,610	(118,624)	213,086	4,825	(1,424)	(2,641)	415,319	618,449

	Unusable Reserves								
	Revaluation Reserve	Financial Instrument Revaluation Reserve	Pensions Reserve	Capital Adjustment Account	Deferred Capital Receipts	Collection Fund Adjustment Account	Accumulated Absences Account	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Movement in Reserves during 2022/23									
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	(46,384)
Other Comprehensive Income and Expenditure	2,960	0	260,522	0	0	0	0	263,482	263,482
Total Comprehensive Income and Expenditure	2,960	0	260,522	0	0	0	0	263,482	217,098
Adjustments between accounting basis and funding basis under regulations	(6,905)	(7,335)	(19,367)	(11,709)	759	6,354	(936)	(39,139)	0
Net Increase / Decrease before Transfers to earmarked reserves	(3,945)	(7,335)	241,155	(11,709)	759	6,354	(936)	224,343	217,098
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2022/23	(3,945)	(7,335)	241,155	(11,709)	759	6,354	(936)	224,343	217,098
Balance at 31 March 2023	312,542	(3,725)	122,531	201,377	5,584	4,930	(3,577)	639,662	835,547

Balance Sheet

31 March 2022 £000		Notes	31 March 2023 £000
759,029	Property, Plant & Equipment (excluding infrastructure assets)	21a	750,499
128,780	Infrastructure Assets	21b	137,486
30,986	Heritage Assets	23	32,239
37,952	Investment Property	24	38,143
9,126	Intangible Assets	22	7,902
37,078	Long Term Investments	25	30,517
6,953	Long Term Debtors	25	8,093
0	Other Long Term Assets – Pensions		122,531
1,009,904	Long Term Assets		1,127,410
80,545	Short term Investments	25	47,658
187	Inventories		201
58,125	Short Term Debtors	26	51,015
53,764	Cash and Cash Equivalents	25, 27	44,724
192,621	Current Assets		143,598
(1,804)	Short Term Borrowings	25	(1,825)
(91,932)	Short Term Creditors	28	(62,441)
(4,493)	Provisions	29	(4,733)
(98,229)	Current Liabilities		(68,999)
(2,028)	Long Term Creditors		(1,881)
(355,554)	Long Term Borrowing	25	(355,365)
(118,624)	Other Long Term Liabilities – Pensions	37	0
(9,641)	Other Long Term Liabilities – Other	25	(9,216)
(485,847)	Long Term Liabilities		(366,462)
618,449	Net Assets		835,547
203,130	Usable Reserves	30	195,885
415,319	Unusable Reserves	31	639,662
618,449	Total Reserves		835,547

Cash Flow Statement

2021/22 £000		Notes	2022/23 £000
15,413	Net Deficit on the Provision of Services		46,384
(65,053)	Adjustments to Net Deficit on the Provision of Services for non-cash Movements	40	(33,292)
28,225	Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	41	25,253
<u>(21,415)</u>	Net cash outflows from Operating Activities		<u>38,345</u>
78,767	Investing Activities	42	(20,775)
(45,086)	Financing Activities	43	(8,530)
<u>12,266</u>	Net (Increase)/Decrease in Cash and Cash Equivalents		<u>9,040</u>
(66,030)	Cash and Cash Equivalents at the beginning of the Reporting Period		(53,764)
<u>(53,764)</u>	Cash and Cash Equivalents at the end of the Reporting Period	27	<u>(44,724)</u>

NOTES TO THE ACCOUNTS

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Note 1. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS), and statutory guidance issued under Section 12 of the 2003 Act.

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

Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for 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 borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where it does not materially affect the accounts, and a full year's income and expenditure is recorded, an accrual need not be raised.
- Accruals are not made for items under £5,000, except where in the opinion of the Executive Director (Finance and Resources) the absence of an accrual for a lesser amount would lead to a misrepresentation of the cost of a service.
- Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case a debtor or creditor will be raised.

Cash and Cash Equivalents

Cash and Cash Equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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.

Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case the net cash position will be included in Financing Activities in the Cash Flow Statement.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

There are no changes to accounting policies in 2021/22 which require restatement of prior periods.

Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or 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.

Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting Council Tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council Tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the 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.

Accounting for Council Tax and NDR

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

The Balance Sheet includes the Council'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 for the above 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. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Post Employment Benefits

Different groups of employees of the Council are members of three separate pension schemes:

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

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

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

The Local Government Pension Scheme

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

- The liabilities of the Essex 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.60%. The discount rate is the annualised Merrill Lynch AA rated corporate bond yield curve (where the curve is assumed to be flat beyond the 30-year point). This is consistent with the approach used at the previous accounting date.
- The assets of Essex 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 Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

- contributions paid to the Essex Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions 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.

Discretionary Benefits

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

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the Balance Sheet date 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.

Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as investments in property funds, short-dated bond funds, enhanced cash funds and money market funds 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:

- a) in the principal market for the asset or liability, or
- b) 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 in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – 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 – unobservable inputs for the asset or liability.

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective 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 Comprehensive Income and Expenditure Statement 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;
- fair value through other comprehensive income.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and

Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at Fair Value through Profit of Loss 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 as they arise in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the Council's financial assets are based on the following techniques:

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

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

Foreign currency translation

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

Government Grants and Contributions

Where grants have been paid to the Council under Section 31 of the Local Government Act and where material, an assessment will be made as to whether to account for them as principal or agent transactions after considering how the grant operates and all the relevant facts and circumstances. Where the Council is acting as a distribution point

only for grant monies to other bodies and has no control over the amount or determination of eligibility of grant allocated to a recipient, then the Council is likely to be acting as an agent. Where the Council is able to conclude that it has direct influence over the basis, value and distribution of the grant it would be deemed to be acting as a principal.

Where the Council acts as an agent, transactions will not be reflected in the Council's financial statements. Exceptions to this are in respect of cash received or expenditure incurred by the agent on behalf of the principal, in which case a debtor or creditor will be raised and the net cash position included in Financing Activities in the Cash Flow Statement.

Where the Council acts as a principal

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 Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

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

Heritage Assets

Tangible and Intangible Heritage Assets (described in this summary of significant accounting policies as heritage assets).

The Council's Heritage Assets consist of historic seaside assets, heritage land and buildings, antiques/collectables, museum collections and memorials/statues. These assets are held by the reporting entity in pursuit of its overall objectives in relation to the maintenance of the heritage. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment (PPE). However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The Council's heritage assets are accounted for as follows.

Historic Seaside Assets

- The historic seaside assets comprise the pier, the cliff lift, and the cliff bandstand. These assets are considered to be part of the fabric of the city as an historic seaside resort and are treated in accordance with the Council's policies for PPE assets.

Heritage Land and Buildings

- These consist of the official mayor's residence, Porters, and Southchurch Hall, a grade I listed medieval manor house. These assets are considered to be part of the heritage of the city and are intended to be preserved for future generations because of their cultural, environmental, or historical associations. These are treated in accordance with the Council's policies for PPE assets.

Antiques / Collectables

- These comprise furniture and furnishings, panelling, carpets, textiles, clocks, silver, plated wares and gold, works of art, ceramics and glass, books, pictures and presentation and commemorative wares. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.
- The collection is relatively static, and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation.

Museum Collections

- The Council considers that obtaining valuations for the items that are exhibited within the city's museums would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise these exhibits on the Balance Sheet.
- The Saxon King artefacts form part of the Council's heritage assets and have been valued by a specialist in archaeology. These items are reported in the Balance Sheet at this valuation which is based on sale prices of comparable material and museum valuations for loan purposes, where relevant. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Memorials and Statues

- These are a statue of Queen Victoria and a War Memorial. The Council does not consider that reliable cost or valuation information can be obtained for the items due to the lack of comparable market values. Consequently, the Council does not recognise these assets on the Balance Sheet.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see "Property, Plant and Equipment" in this summary of significant accounting policies. The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see "Revenue Expenditure Funded from Capital under Statute" and "Property, Plant and Equipment" in this summary of significant accounting policies).

Intangible Assets

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Council has material interests in wholly owned companies, other entities and trusts that have the nature of subsidiaries and joint ventures which require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

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 Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Joint operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation.
- its expenses, including its share of any expenses incurred jointly.

Leases

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

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

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

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (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.

Overheads and Support Services

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

Property, Plant and Equipment (including infrastructure assets)

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.

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg bridges), street lighting, street furniture (eg illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Other infrastructure assets include sea/coastal defences, offshore leisure facilities and cliffs stabilisation.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment, or the acquisition or replacement of components of Infrastructure Assets, is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. For schools, capitalisation takes place for community and foundation schools only. Capital expenditure on voluntary aided schools or academies is treated as Revenue Expenditure Funded from Capital Under Statute.

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 generally capitalise borrowing costs incurred whilst assets are under construction, with the exception of major invest to save schemes where the financing is structured to allow the initial roll up of revenue costs prior to savings or income streams being realised.

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:

- community assets, vehicles, plant, furniture and equipment, and assets under construction – depreciated historical cost;
- infrastructure assets are generally measured at depreciated replacement cost, however, this is a modified form of historical cost. Opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Upon Local Government Reorganisation, on 1 April 1998 Southend Borough Council's infrastructure assets were transferred to the Council from Essex County Council at depreciated historical cost.
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV);
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

Assets included in the Balance Sheet at current value are revalued or have indexation adjustments applied sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum are revalued 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 of 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 relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Impairment

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

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss.

Depreciation

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

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year.

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 – on a straight-line basis, a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer.
- infrastructure – useful lives of the various categories of infrastructure assets are assessed by the Head of Civil Engineering using industry standards where applicable as follows:

Infrastructure Asset Category	Total Useful Economic Life Years
Carriageways	35
Footways and Cycle Tracks	40
Structures	100
Street Lighting	35
Bus Shelters	25
Street Furniture	30
Traffic Management Systems	20
Sea/Coastal Defences	45
Offshore Leisure Facilities	45
Cliff Stabilisation	12
Parking Controls	10
Security Management	40
Waste Infrastructure	40

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

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

Disposals

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (the amount depending on how many dwellings are sold and net of statutory deductions and allowances) 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.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Reserves

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

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

Revenue Expenditure Funded from Capital under Statute

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

Schools

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

VAT

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

Note 2. 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 that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2023/24 Code:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The Code requires implementation from 1 April 2023. It is not anticipated that these accounting changes will have any material impact on the Council's Statement of Accounts.

The implementation of IFRS 16 Leases has been deferred until 1 April 2024 but the 2023/24 Code allows for earlier adoption if preferred. The Council has decided not to adopt IFRS 16 Leases in the 2023/24 financial year.

Note 3. Critical Judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, 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:

- There remains a high degree of uncertainty over future levels of funding for local government. The whole sector has experienced large inflationary pressures (which have been exacerbated by the implications of the events in Ukraine and the resulting unprecedented rise in energy prices) combined with the complexity of service demand pressures in the aftermath of the pandemic. The Council only received a one-year financial settlement for 2023/24 and no clarity has yet been provided over the content or timing of the next Comprehensive Spending Review or over key areas of local government funding reform. This makes it difficult to properly assess the levels of provisions and reserves needed to maintain the Council's financial resilience and judgements have been made using the best information available.
- A key area of judgement relates to who controls schools' assets. The following judgements have been made by management: All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. For the foundation schools the control of the land and buildings is vested with the Governing Body and so they are included on the Councils' Balance Sheet. For the Voluntary Aided schools the Diocese owns the title to the assets, the schools use the assets under "mere" licences which pass no interest to the school and the Diocese has not ceded control of the assets to the school, so the land and buildings used by the schools are not included on the Council's Balance Sheet. Academies are not considered to be maintained schools in the Council's control so the land and building assets are not owned by the Council and not included on the Council's Balance Sheet.

Note 4. 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 considering 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 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pensions' liability of changes in individual assumptions can be measured. As examples, an increase in life expectancy of retired employees of 1 year would increase the net pension liability by £20.0M, and an increase in the discount rate of 0.1% would decrease the net pension liability by £7.9M.</p> <p>The full effects on the net pensions' liability are fully disclosed in note 37 to the Accounts.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's Investment Properties are disclosed in note 24.</p>	<p>The Council uses the discounted cash flow model to measure the fair value of its investment properties. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, occupancy levels, bad debt levels, maintenance costs and discount rates. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties. The ranges used, on a weighted average basis, are maintained on a consistent basis year on year. The Council's investment property portfolio is relatively stable and there has been no change in the valuation techniques used for Investment Properties in 2022/23 including the applicable ranges.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment (including infrastructure assets)	The uncertainties arise because of the estimations used by the valuer. The basis of these estimations is set out in note 21 but different valuers could arrive at different results whilst still using the same basis for those estimations.	The actual value of the asset only becomes apparent when it is sold. The accounting treatment is set out in the disposals paragraph of the Property, Plant and Equipment section of Note 1.
	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge would increase by £1.5M for every year that useful lives had to be reduced.

Note 5. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Executive Director (Finance and Resources) on 31 May 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Challenges remain with the effects of coping with the impact of the cost of living crisis on the Council and its partners. The increased service demand pressures, prevailing inflationary increases and supply chain issues will impact the ongoing financial position of the Council. There were 8 successive interest rate rises during 2022/23 and although the rate of inflation has begun to decrease, it still remains very high. There is uncertainty as to the timing and extent of the measures that will be taken by the Bank of England and the Government to reduce it. The key impacts on the 2022/23 financial year and the implications for the 2023/24 budget and Medium Term Financial Strategy will be set out in the provisional resources outturn for 2022/23 that will be presented to the Cabinet meeting on 24 July 2023.

Porters Place Southend-on-Sea LLP is one of the joint ventures in which the Council participates, with the purpose to regenerate the Queensway Estate and surrounding environs. Following the business combination with the housing association Sanctuary towards the end of 2021/22, Sanctuary have been giving consideration to the economic appraisal of the viability of the scheme. The outcome of these considerations is awaited.

A joint venture partnership between Southend-on-Sea City Council and London Hire Community Services to provide a passenger transport service across the City was trading as Vecteo as at 31 March 2023. At that date the Council had a 49% holding. On 12 May 2023 the Council became the 100% shareholder of the company.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council Tax and Business Rates) 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 Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net Expenditure Chargeable to the General Fund and HRA Balances	2021/22		Notes	2022/23		
	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000 Restated	£000 Restated		£000	£000	£000
8,987	6,610	15,597	Leader: Corporate Matters and Performance Delivery	9,982	10,181	20,163
15,378	3,834	19,212	Deputy Leader (May-Oct): Environment, Culture and Tourism	14,593	10,053	24,646
15,395	1,293	16,688	Deputy Leader (Nov-May): Public Protection	16,333	3,073	19,406
46,931	11,954	58,885	Adult Social Care and Health Integration	50,597	5,206	55,803
(789)	4,189	3,400	Asset Management and Inward Investment	(1,611)	7,189	5,578
37,363	10,932	48,295	Children and Learning	41,288	7,522	48,810
(3,079)	4,619	1,540	Economic Recovery, Regeneration and Housing	931	240	1,171
(525)	10,555	10,030	Highways, Transport and Parking	2,970	7,797	10,767
119,661	53,986	173,647	Net Cost of General Fund Services	135,083	51,261	186,344
(7,275)	(538)	(7,813)	Local Authority Housing (HRA)	(7,535)	11,805	4,270
(7,275)	(538)	(7,813)	Net Cost of Housing Revenue Account Services	(7,535)	11,805	4,270
112,386	53,448	165,834	Net Cost of Services	127,548	63,066	190,614
17,323	(1,445)	15,878	Other (Income) and Expenditure	2,549	15,585	18,134
(129,709)	(36,590)	(166,299)	Taxation and non-specific Grant Income	(130,097)	(32,267)	(162,364)
(112,386)	(38,035)	(150,421)	Total Other (Income) and Expenditure	(127,548)	(16,682)	(144,230)
0	15,413	15,413	Deficit	0	46,384	46,384
14,502			Opening General Fund and HRA Balance	14,502		
0			(Surplus) or Deficit on General Fund and HRA Balance in Year	0		
14,502			Closing General Fund and HRA Balance	14,502		

The adjustments required to convert the accounts from the funding basis to the comprehensive income and expenditure statement are set out below.

2021/22									2022/23			
IAS 19 Pension Adjustments	Adjustments for Capital Purposes	Other Differences	Total Adjustments between the Funding and Accounting Basis	Notes	IAS 19 Pension Adjustments	Adjustments for Capital Purposes	Other Differences	Total Adjustments between the Funding and Accounting Basis				
£000	£000	£000	£000		£000	£000	£000	£000				
Restated	Restated	Restated										
1,884	4,104	622	6,610	Leader: Corporate Matters and Performance Delivery	1,936	8,146	99	10,181				
3,573	3,556	(3,295)	3,834	Deputy Leader (May-Oct): Environment, Culture and Tourism	2,706	6,090	1,257	10,053				
1,505	(222)	10	1,293	Deputy Leader (Nov-May): Public Protection	1,157	1,875	41	3,073				
4,181	7,739	34	11,954	Adult Social Care and Health Integration	3,111	1,943	152	5,206				
0	1,998	2,191	4,189	Asset Management and Inward Investment	0	4,184	3,005	7,189				
6,830	3,093	1,009	10,932	Children and Learning	5,155	1,534	833	7,522				
1,470	3,138	11	4,619	Economic Recovery, Regeneration and Housing	1,234	2,355	(3,349)	240				
1,517	9,030	8	10,555	Highways, Transport and Parking	1,144	6,607	46	7,797				
20,960	32,436	590	53,986	Net Cost of General Fund Services	16,443	32,734	2,084	51,261				
0	(539)	1	(538)	Net Cost of Housing Revenue Account Services	0	11,673	132	11,805				
20,960	31,897	591	53,448	Net Cost of Services	16,443	44,407	2,216	63,066				
3,724	(6,633)	1,464	(1,445)	Other (Income) and Expenditure	2,924	(34,421)	47,082	15,585				
0	(14,838)	(21,752)	(36,590)	Taxation and non-specific Grant Income	0	0	(32,267)	(32,267)				
24,684	10,426	(19,697)	15,413	(Surplus) or Deficit	19,367	9,986	17,031	46,384				

a IAS19 Pension Adjustments

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

For **services** this represents 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.

For **financing and investment income and expenditure** -- the net interest on the defined benefit liability is charged to the CIES.

b Adjustments for Capital Purposes

Adjustments for capital purposes – for **services** this column adds in depreciation, impairment and revaluation gains and losses in the services line and consolidates out interest payments and income for the HRA, 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.

c Other Differences

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

For **services** this column adjusts for the accrued value of holiday entitlements not taken as at the balance sheet date, consolidates in the in-year activity of maintained schools and moves the value of traded services and investment properties to **financing and investment income and expenditure**.

The charge under **Taxation and non-specific grant income and expenditure** 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.

Note 7. Expenditure and Income Analysed by Nature

The Council's expenditure and income as set out in the Comprehensive Income and Expenditure Statement is analysed as follows.

	Notes	2022/23 £000	2021/22 £000
Income			
Fees, Charges and other Service Income	8	(86,884)	(77,501)
Interest and Investment Income	11	(4,176)	(1,898)
Increases in the Fair Value of pooled investments	11	0	(4,800)
Gains on Revaluation		(6,795)	(3,983)
Income from Council Tax	12	(93,344)	(88,675)
Income from Non-domestic Rates	12	(17,900)	(15,109)
Government Grants and Contributions	18	(222,318)	(249,050)
Gains on the disposal of Assets	10	(959)	0
Total Income		(432,376)	(441,016)
Expenditure			
Employee Benefits Expenses		108,792	106,113
Other Service Expenses		287,811	285,960
Support Service Recharges (net)		(121)	(253)
Depreciation, Amortisation and Impairment		57,970	42,063
Interest Payments	11	12,860	12,654
Decreases in the Fair Value of pooled investments	11	7,335	0
Pensions Interest and Expected Return	11	2,924	3,724
Precepts and Levies	10	1,189	1,077
Payments to Housing Capital Receipts Pool	10	0	608
Losses on the disposal of Assets	10, 11	0	4,483
Total Expenditure		478,760	456,429
Deficit on the Provision of Services		46,384	15,413

Note 8. Segmental Income

Fees, charges, and other Income generated on a portfolio service basis is analysed as follows.

	2022/23	2021/22
	£000	£000
		Restated
Leader: Corporate Matters and Performance Delivery	(2,758)	(3,993)
Deputy Leader (May-Oct): Environment, Culture and Tourism	(5,272)	(4,819)
Deputy Leader (Nov-May): Public Protection	(3,839)	(5,150)
Adult Social Care and Health Integration	(13,726)	(12,258)
Asset Management and Inward Investment	(2,660)	(2,220)
Children and Learning	(5,335)	(1,954)
Economic Recovery, Regeneration and Housing	(5,886)	(1,973)
Highways, Transport and Parking	(11,549)	(10,726)
Total Income from General Fund Services	(51,025)	(43,093)
Local Authority Housing (HRA)	(29,667)	(28,329)
Total Income from Housing Revenue Account Services	(29,667)	(28,329)
Total Income from Services	(80,692)	(71,422)
Other Income and Expenditure	(6,192)	(6,079)
Total Income	(86,884)	(77,501)

Note 9. Material Items of Income and Expense

In relation to 2022/23:

- The Surplus/Deficit on Revaluation of non-current assets of £2.960M consists of £10.520M of revaluation gains from the increase in the value of Property Plant and Equipment and £7.560M accumulated revaluation gains lost as a result of downwards revaluation and impairment losses to Property Plant and Equipment.
- The performance of the Essex Pension Fund during 2022/23 improved with the combination of an increase in the underlying value of scheme assets and a decrease in the present value of scheme liabilities. This has led to an actuarial gain passing through the Comprehensive Income and Expenditure Statement of £270.214M
- In response to the cost-of-living crisis the Government provided financial support to all households through the Council Tax Energy Rebate. In accordance with the grant conditions the Council validated the intended eligible households and value of support based on the specific guidance and instructions received. The Council only acted as an agent for this £10.334M and had no control or influence over the basis or the actual amount that was passed on to the intended recipient.

In relation to 2021/22:

- The Surplus/Deficit on Revaluation of non-current assets of £39.980M consists of £45.406M of revaluation gains from the increase in the value of Property Plant and Equipment and £5.426M accumulated revaluation gains lost as a result of downwards revaluation and impairment losses to Property Plant and Equipment.
- The performance of the Essex Pension Fund during 2021/22 improved with the combination of an increase in the underlying value of scheme assets and a decrease in the present value of scheme liabilities. This has led to an actuarial gain passing through the Comprehensive Income and Expenditure Statement of £75.696M
- In response to the COVID-19 pandemic the Government provided financial support to all Councils in the form of grants and compensation for loss of income. In accordance with the grant conditions and compensation arrangements £24.445M of the financial support was received by the Council to meet the increased costs incurred as a result of the pandemic or passed on to eligible local residents and businesses where the Council had a direct influence over the basis, value and distribution of the grant.
- A further £7.079M was also received from Government where the Council validated the intended eligible resident/business and value of support based on the specific guidance and instructions received. The Council only acted as an agent and had no control or influence over the basis or the actual amount that was passed on to the intended recipient.
- The Collection Fund has continued to see a significant reduction in the level of business rate income received and the Council has received Section 31 grants of £8.498M in the General Fund to compensate for this.

Note 10. Other Operating Income and Expenditure

	2022/23	2021/22
	£000	£000
Leigh Town Council Precept and Grant	453	443
Levies	736	634
Payments to the Government Housing Capital Receipts Pool	0	608
(Gains)/Losses on the Disposal of Non-current Assets	(959)	3,925
Total	230	5,610

Note 11. Financing and Investment Income and Expenditure

	2022/23 £000	2021/22 £000
Interest Payable and Similar Charges	12,860	12,654
Interest on net pension liability	2,924	3,724
Interest Receivable and Similar Income	(4,176)	(1,898)
Movement in the Fair Value of pooled investments	7,335	(4,800)
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	(3,078)	(2,178)
Loss on the Disposal of Investment Properties	0	558
Deficit on Traded Services	2,239	2,366
Other	(200)	(158)
Total	17,904	10,268

See also note 24 for more information on Investment Properties.

Note 12. Taxation and Non Specific Grant Incomes

	2022/23 £000	2021/22 £000
Council Tax Income	93,344	88,675
Retained Business Rates	17,900	15,109
Non-Ringfenced Government Grants	39,641	29,826
COVID-19 Related Grants and Contributions	6	17,851
Capital Grants and Contributions	11,473	14,838
Total	162,364	166,299

Note 13. Pooled Budgets

The Better Care Fund, an agreement between Southend-on-Sea City Council and Mid and South Essex Integrated Care Board (previously Southend Clinical Commissioning Group), came into place for the 2015/16 financial year. The purpose of the fund is to encourage the integration of Health and Adult Social Care commissioning. The agreement is made in accordance with Section 75 of the National Health Service Act 2006 and any surplus or deficit generated will be the responsibility of the respective partner to whom it is attributable. The pooled budget is hosted by Southend-on-Sea City Council on behalf of the two partners in line with the agreement.

The Contributions into the pool are the minimum requirements under rules set by the Department of Health and Social Care and the Department for Levelling Up, Housing and Communities. The expenditure by each of the partners is negotiated between them each year and set within the Section 75 agreement referred to above.

In 2022/23 the Adult Social Care Discharge Fund was created and allocated from the Department of Health and Social Care to local authorities and health in order to achieve the maximum reduction in delayed discharge from hospital, with the requirement that this funding was pooled into the Better Care Fund

	2022/23	2021/22
	£000	£000
Funding provided to the pooled budget		
Southend-on-Sea City Council	(10,237)	(9,289)
NHS Mid and South Essex Integrated Care Board	(15,493)	(14,312)
Total Funding	(25,730)	(23,601)
Expenditure met from the pooled budget		
Southend-on-Sea City Council	17,393	16,062
NHS Mid and South Essex Integrated Care Board	8,337	7,539
Total Expenditure	25,730	23,601
Net Pooled Budget	0	0
Southend-on-Sea City Council share	0	0

Note 14. Members' Allowances

The Council paid the following amounts to Members of the Council during the year.

	2022/23	2021/22
	£000	£000
Basic Allowances	515	478
Special Allowances	208	195
Total Members Allowances	723	673

A full list of the Members' allowances, including their travel and subsistence, is published in the Additional Financial Information Section.

Note 15. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

2022/23

Post holder information (Post title)	Salary (Including fees and Allowances)	Compensation for loss of employment	Benefits in Kind (e.g. Car Allowance)	Total Remuneration excluding pension contributions 2021/22	Pension contribution	Total Remuneration including pension contributions 2021/22
	£	£	£	£	£	£
Chief Executive from 25th October 2022	81,974	0	0	81,974	15,264	97,238
Chief Executive to 28th October 2022	105,542	0	0	105,542	20,305	125,847
Deputy Chief Executive & Executive Director Finance and Resources to 31st January 2023	119,497	0	0	119,497	23,182	142,679
Executive Directors						
Children and Public Health - Michael Marks	126,978	0	0	126,978	24,634	151,612
Adults and Communities to 29th August 2022	53,299	0	0	53,299	10,340	63,639
Interim Adults and Communities from 22nd August 2022 to 6th March 2023	114,912	0	0	114,912	0	114,912
Adults and Communities from 6th March 2023	8,882	0	0	8,882	1,697	10,579
Neighbourhoods and Environment to 17th July 2022	39,321	0	0	39,321	7,628	46,949
Interim Neighbourhoods and Environment	299,294	0	0	299,294	0	299,294
Interim Growth & Housing	123,419	0	0	123,419	23,830	147,249
Finance & Resources from 1st February 2023	20,859	0	0	20,859	4,047	24,906
Interim Strategy, Change & Governance	122,634	0	0	122,634	23,586	146,220
Directors						
Regeneration and Growth to 16th June 2022	22,041	0	0	22,041	4,276	26,317
Interim Regeneration and Growth from 1st June 2022	132,012	0	0	132,012	0	132,012
Planning	89,587	0	0	89,587	17,380	106,967
Housing	98,355	0	0	98,355	19,081	117,436
Social Care Operations	109,066	0	0	109,066	0	109,066
Commissioning	98,205	0	0	98,205	19,052	117,257
Culture and Tourism	98,205	0	0	98,205	19,052	117,257
Education and Early Years to 31st July 2022	33,842	31,628	0	65,470	6,565	72,035
Education, Inclusion and Early Years from 20th February 2023	11,182	0	0	11,182	2,169	13,351
Children's Services to 11th May 2022	12,560	38,288	0	50,848	2,437	53,285
Interim Children's Social Work, Early Help & Youth Support to 27th May 2022	37,001	0	0	37,001	0	37,001
Children's Social Work, Early Help and Youth Support from 9th May 2022	95,478	0	0	95,478	18,523	114,001
Public Health	111,787	0	0	111,787	12,711	124,498
Public Protection	106,937	0	0	106,937	20,746	127,683
Financial Services	195,487	0	0	195,487	0	195,487
Legal Services and Monitoring	90,913	0	0	90,913	17,637	108,550
Digital & ICT	103,205	0	0	103,205	20,022	123,227

2021/22

Post holder information (Post title)	£ Salary (Including fees and Allowances)	£ Compensation for loss of employment	£ Benefits in Kind (e.g. Car Allowance)	£ Total Remuneration excluding pension contributions 2021/22	£ Pension contribution	£ Total Remuneration including pension contributions 2021/22
Chief Executive to 25th July 2021	51,862	0	0	51,862	10,061	61,923
Chief Executive - Andrew Lewis from 26th July 2021	111,634	0	0	111,634	21,657	133,291
Deputy Chief Executive & Executive Director Growth and Housing - Andrew Lewis to 25th July 2021	44,082	0	0	44,082	8,552	52,634
Deputy Chief Executive & Executive Director Finance and Resources from 21st September 2021	73,346	0	0	73,346	14,229	87,575
Executive Directors						
Adults and Communities	122,917	0	0	122,917	23,846	146,763
Children and Public Health	122,917	0	0	122,917	23,846	146,763
Interim Neighbourhoods and Environment to 7th May 2021	19,494	0	0	19,494	0	19,494
Neighbourhoods and Environment from 29th April 2021	113,357	0	0	113,357	21,991	135,348
Interim Growth and Housing from 26th July 2021	74,423	0	0	74,423	14,438	88,861
Legal and Democratic Services <i>annualised as reduced hours</i>	87,198	0	0	87,198	16,916	104,114
Finance and Resources to 20th September 2021	54,564	0	0	54,564	10,585	65,149
Transformation to 30th September 2021	54,498	0	0	54,498	10,573	65,071
Strategy, Change and Governance from 6th September 2021	59,657	0	0	59,657	11,573	71,230
Directors						
Regeneration and Growth	94,884	0	0	94,884	18,407	113,291
Interim Planning to 2nd July 2021	43,380	0	0	43,380	0	43,380
Interim Planning from 4th January 2022	20,660	0	0	20,660	4,008	24,668
Housing	94,884	0	0	94,884	18,407	113,291
Adult Social Care Operations from 3rd January 2022	26,175	0	0	26,175	0	26,175
Commissioning	101,263	0	0	101,263	19,645	120,908
Communities to 28th February 2022	87,347	70,968	0	158,315	16,945	175,260
Culture and Tourism	94,884	0	0	94,884	18,407	113,291
Education and Early Years	94,884	0	0	94,884	18,407	113,291
Children's Services	94,884	0	0	94,884	18,407	113,291
Interim Children's Social Work, Early Help and Youth Support from 29th November 2021	77,520	0	0	77,520	0	77,520
Public Health	107,689	0	0	107,689	13,062	120,751
Public Protection to 30th June 2021	23,721	30,000	0	53,721	4,602	58,323

Interim Public Protection from 26th July 2021 to 4th February 2022	96,330	0	0	96,330	0	96,330
Public Protection from 1st February 2022	17,500	0	0	17,500	3,395	20,895
Interim Highways and Parks from 5th July 2021	199,667	0	0	199,667	0	199,667
Property and Commercial to 25th July 2021	30,098	0	0	30,098	5,839	35,937
Financial Services	168,123	0	0	168,123	0	168,123
Digital and ICT	99,884	0	0	99,884	19,377	119,261

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

	2022/23			2021/22		
	Number of Staff			Number of Staff		
	Council	Schools	Total	Council	Schools	Total
£50,000 to £54,99	98	5	103	87	8	95
£55,000 to £59,99	54	11	65	40	3	43
£60,000 to £64,99	38	3	41	27	6	33
£65,000 to £69,99	14	5	19	8	2	10
£70,000 to £74,99	14	2	16	16	3	19
£75,000 to £79,99	9	3	12	8	4	12
£80,000 to £84,99	3	2	5	3	1	4
£85,000 to £89,99	1	1	2	1	0	1
£90,000 to £94,99	1	0	1	1	1	2
£95,000 to £99,99	0	0	0	1	0	1
£105,000 to £109,	0	0	0	1	0	1
Total	232	32	264	193	28	221

Remuneration includes all sums paid to or receivable by employees, expense allowances chargeable to tax, severance payments and the money value of benefits.

Exit package cost band including special payments

	Total number of exit packages by cost band						Total cost of exit packages	
	2022/23			2021/22			2022/23	2021/22
	Compulsory	Other	Total	Compulsory	Other	Total	£	£
Council Staff								
£0 - £19,999	16	4	20	15	17	32	116,369	177,374
£20,000 - £39,999	1	1	2	2	5	7	61,709	177,302
£40,000 - £59,999	1	2	3	3	0	3	146,812	141,150
£60,000 - £79,999	0	1	1	0	2	2	66,084	135,760
£80,000 - £99,999	0	1	1	0	3	3	94,533	276,483
£150,000 - £199,999	0	1	1	0	0	0	176,295	0
Sub-Total	18	10	28	20	27	47	661,801	908,070
School Staff								
£0 - £19,999	0	1	1	1	0	1	9,294	19,378
£60,000 - £79,999	0	1	1	0	0	0	61,389	0
Sub-Total	0	2	2	1	0	1	70,683	19,378
Total	18	12	30	21	27	48	732,484	927,449

Note 16. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts provided by the Council's external auditors:

	2022/23	2021/22
	£000	£000
Fees payable with regard to external audit services	125	137
Total Audit Costs	125	137

Note 17. Dedicated Schools Grant

The Council's expenditure on schools and early years childcare is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget and for early years childcare, as defined in the School and Early Years Finance (England) Regulations 2018.

Details of the deployment of DSG receivable are as follows:

	2022/23	2022/23	2022/23	2021/22
	Central	Individual	Total	Total
	Expenditure	Schools	£000	£000
	£000	Budget		
		£000		
Final DSG before academy recoupment			178,909	170,936
Academy figure recouped			(122,349)	(116,931)
Total DSG after academy recoupment			56,560	54,005
Plus: Brought forward from prior year			8,401	4,481
Less: Carry forward to following year, agreed in advance			(8,146)	(4,309)
Total DSG available			56,815	54,177
Agreed initial budget distribution	23,310	33,505	56,815	54,177
In year adjustments (early years)	61	0	61	(45)
Final budget distribution	23,371	33,505	56,876	54,132
Less: Actual central expenditure	(19,878)		(19,878)	(16,204)
Less: Actual ISB deployed to Schools and providers		(33,226)	(33,226)	(33,836)
Carry forward to following year	3,493	279	3,772	4,092
Plus: Carry forward agreed in advance			8,146	4,309
Total DSG Carried Forward			11,918	8,401

Note 18. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23.

	2022/23	2021/22
	£000	£000
Credited to Taxation and Non Specific Grant Income		
Non-Ringfenced Government Grants		
Business Rates Top Up and Section 31 Grants	21,057	14,055
Adult Social Care Grant	8,155	5,953
Revenue Support Grant	6,244	6,055
Services Grant	2,433	0
Other non-ringfenced government grants	1,077	2,386
New Homes Bonus	675	1,377
COVID-19 Related Grants and Contributions		
Business Rates Reliefs	265	8,498
COVID-19 Additional Relief Fund (CARF)	0	1,224
COVID-19 Expenditure pressures grant	0	4,931
Council Tax Hardship Fund & Income Guarantee Scheme	0	2,941
COVID-19 Income Compensation Scheme	(259)	257
	39,647	47,677
Capital Grants and Contributions		
Levelling Up Fund	5,758	1,482
Highways and Infrastructure	3,876	5,591
Schools	949	3,367
Housing	557	1,043
Energy Saving	264	0
Enterprise and Regeneration	68	0
Culture	1	21
Airport Business Park	0	3,325
Social Care	0	9
	11,473	14,838
Total	51,120	62,515

	2022/23	2021/22
	£000	£000
Credited to Services		
Dedicated Schools Grant	56,621	53,750
Housing Benefits	51,594	53,290
Other Service Grants and Contributions	10,411	10,038
Public Health Grant	10,073	9,798
Other grants and third party contributions funding REFCUS	8,658	10,495
Improved Better Care Fund	7,798	7,568
Better Care Fund	7,156	0
Education and Skills Funding Agency	3,722	3,696
Resettlement Programme	3,717	0
Household Support Fund	2,826	1,413
Pupil Premium	2,081	1,943
Unaccompanied Asylum Children	1,855	1,121
South East Business Boost	1,852	1,935
Homelessness/Rough Sleeper Initiatives	1,595	2,104
Funding from Clinical Commissioning Groups	831	10,026
Universal Infant Free School Meals Grant	765	868
Troubled Families	754	0
Adult Social Care Discharge Fund	687	0
Housing Benefit Administration	613	846
COVID-19 Response Grant and Contributions	(2,411)	17,644
Total	171,198	186,535

The Council has recognised all of the grants and contributions received as income through the Comprehensive Income and Expenditure Statement, as any conditions attached to the grants and contributions that may have required the monies or property to be returned to the giver have been met.

Notes Supporting the Movements in Reserves Statement

Note 19. 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 the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of a council are required to be paid, and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Housing Revenue Account Balance

The Housing Revenue Account 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 or (where in deficit) that is required to be recovered from tenants in future years.

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. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve

The 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 the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) 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.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the comprehensive income and expenditure statement						
Charges for depreciation of non-current assets	16,979	7,682	0	0	0	(24,661)
Revaluation and impairment losses on property, plant and equipment and intangible assets	5,740	10,477	0	0	0	(16,217)
Movements in the market value of investment properties	(123)	(131)	0	0	0	254
Amortisation of intangible assets	2,923	0	0	0	0	(2,923)
Capital grants and contributions applied	17,742	982	0	0	(24,803)	6,079
Revenue expenditure funded from capital under statute	7,383	352	0	0	0	(7,735)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	1,939	1,441	0	0	0	(3,380)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	7,335	0	0	0	0	(7,335)
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(11,722)	0	0	0	0	11,722
Capital expenditure charged against the General Fund and HRA Balances	(559)	(4,105)	0	0	0	4,664
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(36,998)	(1,858)	0	0	38,856	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(6,435)	6,435
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(7,682)	0	0	0	7,682
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	7,682	0	(7,682)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(6,161)	0	6,161
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(759)	0	0	0	0	759

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserves						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(2,026)	(2,312)	4,338	0	0	0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Use of the capital receipts reserve to repay borrowing	0	0	0	0	0	0
Use of the capital receipts reserve to finance new capital expenditure	0	0	(987)	0	0	987
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	0	0	0	0	0	0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to the retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 37)	32,279	0	0	0	0	(32,279)
Employer's pensions contributions and direct payments to pensioners payable in the year	(12,912)	0	0	0	0	12,912
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council and business rate income calculated for the year in accordance with statutory requirements	(6,354)	0	0	0	0	6,354
Adjustments Primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with the statutory requirements	936	0	0	0	0	(936)
Total Adjustments	21,803	4,846	3,351	1,521	7,618	(39,139)

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the comprehensive income and expenditure statement						
Charges for depreciation of non-current assets	13,173	6,817	0	0	0	(19,990)
Revaluation and impairment losses on property, plant and equipment and intangible assets	10,381	(1,251)	0	0	0	(9,130)
Movements in the market value of investment properties	286	0	0	0	0	(286)
Amortisation of intangible assets	1,670	0	0	0	0	(1,670)
Capital grants and contributions applied	6,186	(280)	0	0	(11,213)	5,307
Revenue expenditure funded from capital under statute	7,174	90	0	0	0	(7,264)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	5,570	1,413	0	0	0	(6,983)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	(4,800)	0	0	0	0	4,800
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(10,467)	0	0	0	0	10,467
Capital expenditure charged against the General Fund and HRA Balances	(750)	(3,125)	0	0	0	3,875
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(29,204)	(2,034)	0	0	31,238	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(13,730)	13,730
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(6,817)	0	0	0	6,817
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	6,817	0	(6,817)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(6,489)	0	6,489
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(1,075)	0	0	0	0	1,075

2021/22 Comparative Figures

Usable Reserves

	Usable Reserves					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserves						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(104)	(2,396)	2,500	0	0	0
Use of the capital receipts reserve towards administrative costs of non-current asset disposals	0	0	0	0	0	0
Use of the capital receipts reserve to repay borrowing	0	0	0	0	0	0
Use of the capital receipts reserve to finance new capital expenditure	0	0	(1,155)	0	0	1,155
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	608	0	(608)	0	0	0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to the retirement benefits debited or credited to the comprehensive income and expenditure statement (see note 37)	36,101	0	0	0	0	(36,101)
Employer's pensions contributions and direct payments to pensioners payable in the year	(11,417)	0	0	0	0	11,417
Adjustments primarily involving the Collection Fund Adjustment Account						
Amount by which council tax and business rate income credited to the comprehensive income and expenditure statement is different from council and business rate income calculated for the year in accordance with statutory requirements	(6,404)	0	0	0	0	6,404
Adjustments Primarily involving the Accumulated Absences Account						
Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis is different from remuneration chargeable in the year in accordance with the statutory requirements	294	0	0	0	0	(294)
Total Adjustments	17,222	(7,583)	737	328	6,295	(16,999)

Note 20. 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 in 2022/23.

Earmarked Reserves	Balance at 31	Transfers		Balance at	Transfers		Balance at
	March			31 March			31 March
	2021	To	From	2022	To	From	2023
	£000	£000	£000	£000	£000	£000	£000
School Balances	3,730	0	(163)	3,567	0	(751)	2,816
General Fund Reserves							
Capital Investment Reserves	25,785	0	(1,667)	24,118	10	(4,622)	19,506
Insurance Reserves	6,033	0	0	6,033	0	(611)	5,422
Corporate Reserves	26,809	9,083	(7,629)	28,263	3,120	(11,362)	20,021
Service Reserves	12,690	2,608	(4,145)	11,153	991	(2,341)	9,803
Grants Reserves	25,882	13,113	(21,081)	17,914	5,622	(12,985)	10,551
Dedicated Schools Grant	4,481	3,920	0	8,401	3,563	(46)	11,918
Monies held in Trust	53	0	0	53	0	0	53
Total GF Reserves	101,733	28,724	(34,522)	95,935	13,306	(31,967)	77,274
HRA Service Reserves	34,652	8,407	(8,220)	34,839	4,332	(4,655)	34,516
Total Earmarked Reserves	140,115	37,131	(42,905)	134,341	17,638	(37,373)	114,606

Schools Balances

The school's balances for both revenue and capital are all committed to be spent on the education service. The amounts disclosed in the balance sheet represent an amalgamation of unspent and overspent balances.

Capital Investment Reserves

Amounts set aside to fund future capital projects.

Insurance Reserve

A reserve that covers potential claim liabilities arising from the Employers' Liability, Public Liability, Property, and other insurable risks retained by the Council.

Corporate Reserves

Amounts set aside to fund the costs of corporate, non-service specific activities, such as business transformation, interest equalisation and pensions.

Service Reserves

Amounts set aside to fund the costs of service specific activities, such as adult social care, children's social care and waste management. Separate service reserves are held for General Fund and Housing Revenue Account services.

Grants Reserves

In compliance with Recommended Practice, service grant income received in the year has been fully recognised, even where it has not necessarily been or planned to be spent. In these cases, the spending power of the grant has been preserved through the use of earmarked reserves.

Section 31 Grants

The Government has continued to provide financial support to all councils relating to the support provided to businesses following the COVID-19 pandemic in the form of grants for business rate reliefs.

Monies held in Trust

The Council holds monies in respect of two trust funds and on behalf of several children pending them reaching the age of 18.

Notes Supporting the Balance Sheet

Note 21. Property, Plant and Equipment

Note 21a Property, Plant and Equipment (excluding infrastructure assets)

Movements in 2022/23

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation as at 1 April 2022	460,419	272,447	27,186	3,799	16,122	8,759	788,732
Additions	12,280	6,121	1,609	176	1	5,514	25,701
Revaluations via Revaluation Reserve	(7,554)	10,494	0	0	20	0	2,960
Revaluations recognised in the CIES	(10,494)	(4,685)	(431)	(157)	(1)	0	(15,768)
Disposals	(1,500)	(433)	(1,320)	0	(1,224)	0	(4,477)
Transfers	38	9,603	0	0	0	(9,953)	(312)
Gross Book Value as at 31 March 2023	453,189	293,547	27,044	3,818	14,918	4,320	796,836
Accumulated Depreciation as at 1 April 2022	(12,661)	(5,060)	(11,980)	0	(2)	0	(29,703)
Depreciation	(7,502)	(4,474)	(4,919)	0	(1,298)	0	(18,193)
Written out to Revaluation Reserve	0	0	0	0	0	0	0
Written out to the CIES	0	2	0	0	0	0	2
On Disposals	58	10	1,283	0	0	0	1,351
On Transfers	0	206	0	0	0	0	206
Accumulated Depreciation at 31 March 2023	(20,105)	(9,316)	(15,616)	0	(1,300)	0	(46,337)
Net Book Value as at 31 March 2022	447,758	267,387	15,206	3,799	16,120	8,759	759,029
Net Book Value as at 31 March 2023	433,084	284,231	11,428	3,818	13,618	4,320	750,499

Movements in 2021/22

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation as at 1 April 2021	417,664	265,555	22,238	3,537	13,881	9,417	732,292
Additions	11,472	7,806	5,066	127	18	15,839	40,328
Revaluations via Revaluation Reserve	30,893	4,492	0	43	(2,037)	0	33,391
Revaluations recognised in the CIES	967	(11,707)	0	(86)	302	0	(10,524)
Disposals	(1,454)	(5,510)	(118)	0	0	0	(7,082)
Transfers	877	11,811	0	178	3,958	(16,497)	327
Gross Book Value as at 31 March 2022	460,419	272,447	27,186	3,799	16,122	8,759	788,732
Accumulated Depreciation as at 1 April 2021	(6,037)	(10,822)	(8,852)	0	2	0	(25,709)
Depreciation	(6,687)	(4,173)	(3,172)	0	(12)	0	(14,044)
Written out to Revaluation Reserve	22	3,406	0	0	3,147	0	6,575
Written out to the CIES	0	2,817	0	0	0	0	2,817
On Disposals	41	573	44	0	0	0	658
On Transfers	0	3,139	0	0	(3,139)	0	0
Accumulated Depreciation at 31 March 2022	(12,661)	(5,060)	(11,980)	0	(2)	0	(29,703)
Net Book Value as at 31 March 2021	411,627	254,733	13,386	3,537	13,883	9,417	706,583
Net Book Value as at 31 March 2022	447,758	267,387	15,206	3,799	16,120	8,759	759,029

Depreciation

The useful lives disclosed below are the number of years remaining, over which the asset is depreciated on a straight-line basis (where applicable):

2022/23		2021/22
Useful economic Life Years	Fixed Asset Category	Useful Economic Life Years
Between 2 and 60	Council Dwellings	Between 1 and 59
Between 1 and 60	Other Land & Buildings	Between 1 and 60
Between 1 and 47	Vehicles, Plant, Furniture and Equipment	Between 1 and 48
Not applicable	Community Assets	Not applicable
Between 7 and 58	Surplus Assets	Between 1 and 60
Not applicable	Assets Under Construction	Not applicable

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. Valuations were carried out using external valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture, and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The following table shows the progress of the Council's rolling programme for the revaluations of fixed assets.

Year of Rolling Programme	Internal/External Valuation	Valuer	Assets Revalued
2018/19	External	Whybrow and Dodds	Theatres, parks, pier assets (excluding structure), Southend Adult Community College, investment properties and General Fund council dwellings.
2019/20	External	Whybrow and Dodds	Investment properties, Southchurch Hall, the Cliff Lift, cliff bandstand, pier structure and Porters.
2020/21	External	Whybrow and Dodds	Housing Revenue Account council dwellings, investment properties, garages and hostels. Car parks, clubs, travel centre, community centres, depots, libraries, museum, leisure centres, shelters, theatres, public conveniences, care homes, cemetery offices and the crematorium.
2021/22	External	Whybrow and Dodds	Schools, Sports Pavilions, Park WCs, Park Messrooms, Day Centres, Marine Activity Centre and Lagoon WCs.
2022/23	External	Whybrow and Dodds	See note below.

The basis for valuation is set out in the statement of accounting policies.

The 2020/21 rolling programme list of assets revalued includes those valued as at 1/4/2021. These would normally be included in the 2021/22 Statement of Accounts but as these values are known at the date of publication, they were included in 2020/21.

The 2021/22 rolling programme list of assets revalued are those valued as at 1/4/2022. These would normally be included in the 2022/23 Statement of Accounts but as these values are known at the date of publication, they have been included in 2021/22.

A variety of assets were revalued as at 1/4/2022, some as part of the 5-year rolling programme. The main assets were schools, sports pavilions, park toilets, park messrooms, day centres, lagoon toilets and the Marine Activity Centre. The significant assumptions applied by the valuer in estimating their current values were:

- The data provided by the Council was accurate at 1 April 2022.
- The Council has good title to the asset, free from onerous covenant and other encumbrances.
- There are no planning proposals that are likely to have an effect on the value of the properties.
- All properties are at a suitable level of condition for service provision and that all internal and external repairs and maintenance have been carried out.
- No deleterious or hazardous material has been used in the construction of the properties or has since been incorporated.
- No contaminative or potentially contaminative uses have ever been carried out on the property.
- The use of relevant data from the Building Cost Information Service of RICS (BCIS).

Indexation

A market review is undertaken by the external valuers at each year-end leading to the valuer advising indexation adjustments to the Council. The Council applies these index percentages to the assets affected to ensure that the carrying amount of relevant assets is not materially different from their current value at the year-end.

Note 21b Infrastructure Assets

Accounting for subsequent expenditure on infrastructure assets has recently been subject to heightened focus nationally, and specifically whether local authorities should be assessing if there is any undepreciated cost remaining in the balance sheet for replaced components that needs to be derecognised. This may also lead to issues relating to the reporting of gross historical cost and accumulated depreciation (depreciated historical cost). As a result, CIPFA has issued an "Update to the Code and Specifications for Future Codes for Infrastructure Assets".

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Net Book Value (modified historical cost)	2022/23	2021/22
At start of year	128,780	116,904
Additions	14,607	17,826
Impairment	(220)	(578)
Transfers	181	0
Depreciation	(5,862)	(5,372)
At end of year	137,486	128,780

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

CIPFA also issued Bulletin 12: “Accounting for Infrastructure Assets – Temporary Solution”. In accordance with that guidance the useful lives of the various categories of infrastructure assets have been assessed by the Council’s civil engineering team, which resulted in the useful lives set out in the accounting policy disclosure note 1.

The useful lives disclosed below are the number of years remaining, over which the various parts of the highways network are depreciated on a straight-line basis (where applicable):

2022/23	Infrastructure Asset Category	2021/22
Remaining Useful Economic Life Years		Remaining Useful Economic Life Years
Between 13 and 41	Carriageways	Between 14 and 42
Between 21 and 40	Footways and Cycle Tracks	Between 22 and 36
Between 82 and 100	Structures	Between 83 and 91
Between 22 and 35	Street Lighting	Between 23 and 26
Between 12 and 25	Bus Shelters	Between 13 and 16
Between 17 and 30	Street Furniture	Between 18 and 21
Between 1 and 20	Traffic Management Systems	Between 2 and 11
Between 24 and 45	Sea/Coastal Defences	Between 25 and 36
Between 34 and 35	Offshore Leisure Facilities	Between 35 and 36
Between 2 and 12	Cliff Stabilisation	3 years
2 years	Parking Controls	3 years
Between 36 and 40	Security Management	37 years
29 years	Waste Infrastructure	30 years
Between 38 and 40	Masts	39 years

Note 22. Intangible Assets

The movement on Intangible Asset balances during the year is as follows:

Purchased Software Licences	2022/23 Assets Under Construction £000	2022/23 Purchased £000	2022/23 Total £000	2021/22 Purchased £000
Gross carrying amount at start of year	0	19,342	19,342	17,652
Accumulated amortisation	0	(10,216)	(10,216)	(8,546)
Net carrying amount at start of year	0	9,126	9,126	9,106
Additions	46	1,908	1,954	2,182
Impairment	0	(1)	(1)	(492)
Disposals	0	(4,701)	(4,701)	
<u>Amortisation</u>				
Written out to CIES	0	4,447	4,447	
For Current Year	0	(2,923)	(2,923)	(1,670)
Gross carrying amount at end of year	46	16,548	16,594	19,342
Accumulated amortisation	0	(8,692)	(8,692)	(10,216)
Net carrying amount at end of year	46	7,856	7,902	9,126

The useful lives for these assets (the number of years remaining over which they are depreciated) are between 1 and 20 years (*between 1 and 20 years for 2021/22*).

Note 23. Heritage Assets

The Council's Heritage Assets consist of historic seaside assets, heritage land and buildings, antiques/collectables, museum exhibits and memorials/statues.

Historic Seaside Assets

The historic seaside assets comprise the pier, the cliff lift, and the cliff bandstand. These assets are considered to be part of the fabric of the city as an historic seaside resort.

Heritage Land and Buildings

These consist of the official mayor's residence, Porters, and Southchurch Hall, a grade I listed medieval manor house. These assets are considered to be part of the heritage of the city and are intended to be preserved for future generations because of their cultural, environmental, or historical associations.

Antiques / Collectables

These comprise furniture and furnishings, panelling, carpets, textiles, clocks, silver, plated wares and gold, works of art, ceramics and glass, books, pictures and presentation and commemorative wares. These antiques/collectables date from between the 16th Century and the 20th Century.

Museum Collections

The Council considers that obtaining valuations for the items that are exhibited within the city's museums would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the

assets held and the lack of comparable values. The Council does not recognise these exhibits on the Balance Sheet.

The exception is the Saxon King artefacts which form part of the Council's heritage assets and have been valued by a specialist in archaeology. These items are reported in the Balance Sheet at this valuation which is based on sale prices of comparable material and museum valuations for loan purposes, where relevant. The valuations also take into account the condition of the objects, their rare or unique nature and their relationship to material from other high-status burial contexts such as Sutton Hoo and Taplow. These assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

Memorials and Statues

These are a statue of Queen Victoria which was presented to the city to mark the Queens Jubilee in 1897, and a Lutyens War Memorial to commemorate lives lost in the First World War which was built in 1920. The Council does not consider that reliable cost or valuation information can be obtained for the items due to the lack of comparable market values. Consequently, the Council does not recognise these assets on the balance sheet.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2022/23

	Historic Seaside Assets £000	Heritage Land and Buildings £000	Antiques and Collectables £000	Museum Collections £000	Total Heritage Assets £000
Cost or Valuation as at 1 April 2022	28,905	1,233	896	1,557	32,591
Additions	2,078	11	0	0	2,089
Revaluations recognised in the CIES	(230)	0	0	0	(230)
Gross Book Value as at 31 March 2023	30,753	1,244	896	1,557	34,450
Accumulated Depreciation as at 1 April 2022	(1,513)	(92)	0	0	(1,605)
Depreciation	(575)	(31)	0	0	(606)
Accumulated Depreciation as at 31 March 2023	(2,088)	(123)	0	0	(2,211)
Net Book Value as at 31 March 2022	27,392	1,141	896	1,557	30,986
Net Book Value as at 31 March 2023	28,665	1,121	896	1,557	32,239

Movements in 2021/22

	Historic Seaside Assets £000	Heritage Land and Buildings £000	Antiques and Collectables £000	Museum Collections £000	Total Heritage Assets £000
Cost or Valuation as a 1 April 2021	26,648	1,960	896	1,557	31,061
Additions	1,802	67	0	0	1,869
Revaluations recognised in the CIES	(339)	0	0	0	(339)
Transfers	794	(794)	0	0	0
Gross Book Value as at 31 March 2022	28,905	1,233	896	1,557	32,591
Accumulated Depreciation as at 1 April 2021	(845)	(186)	0	0	(1,031)
Depreciation	(544)	(30)	0	0	(574)
On Transfers	(124)	124	0	0	0
Accumulated Depreciation as at 31 March 2022	(1,513)	(92)	0	0	(1,605)
Net Book Value as at 31 March 2021	25,803	1,774	896	1,557	30,030
Net Book Value as at 31 March 2022	27,392	1,141	896	1,557	30,986

Basis of valuation

Asset	Date of last valuation	Valuer	Qualification	Method of Valuation
Cliff Lift	01/04/2019	Whybrow and Dodds	MRICS	Depreciated replacement cost
Porters	01/04/2019	Whybrow and Dodds	MRICS	Depreciated replacement cost
Porters contents	16/08/2013	Webb Valuations Fine Art Ltd	FRICS	Current replacement cost
Southchurch Hall	01/04/2019	Whybrow and Dodds	MRICS	Depreciated replacement cost
Pier	01/04/2019	Whybrow and Dodds	MRICS	Depreciated replacement cost
Bandstand	01/04/2019	Whybrow and Dodds	MRICS	Depreciated replacement cost
Saxon King artefacts	01/10/2009	Lesley Webster FSA – Society for Medieval Archaeology	FSA	Current replacement cost

Note 24. Investment Properties

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property. The following table summarises the movement in the fair value of investment properties over the year:

	2022/23	2021/22
	£000	£000
Balance at start of the year	37,952	39,113
Additions: Subsequent Expenditure	12	11
Disposals	0	(559)
Transfers:		
Transfers (to)/from Property, Plant and Equipment	(38)	(327)
Transfers (to)/from Assets Under Construction	(37)	0
Revaluations and impairments	254	(286)
Balance at end of the year	38,143	37,952

All the Council's investment properties are categorised as commercial.

The fair value of these assets has been measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream.

Third party resources have been used to value these assets. Typical valuation inputs which have been analysed in arriving at the fair valuations include:

- rental incomes.
- CBRE UK Property Investment Yields.
- external valuers' professional judgement on yields.

The Council's investment properties are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (see the accounting policy for Fair Value Measurement in note 1). There is no reasonably available information that indicates that market participants would use different assumptions.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The approach to investment property valuation has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, and maintenance costs. The ranges used, on a weighted average basis, are maintained on a consistent basis year on year. The ranges are sensitive to significant changes in rental income and rent growth; vacancy levels or discount rate which can result in a significantly lower or higher fair value. The Council's investment property portfolio is relatively stable and there has been no change in the valuation techniques used for Investment Properties in 2022/23 including the applicable ranges.

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The authority's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

Note 25. Financial Instruments

Categorisation of Financial Assets under IFRS9

Amortised cost

The Council holds various term deposits and instant access accounts with banks and other financial institutions and has made loans to its joint ventures or institutions that it considers to be an important partner in delivering services. These are held at amortised cost and the Council considers these a normal part its operations and cash flow and holds the instruments to collect contractual cash flows.

Fair value through profit or loss

The Council holds units in money market funds, an enhanced cash fund, short-dated bond funds and property funds at fair value. These are classified as fair value through profit or loss as the income is not solely from principal and interest.

Categories of Financial Instruments

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

	Non-Current		Current	
	31 March 2023 £000	31 March 2022 £000	31 March 2023 £000	31 March 2022 £000
Investments, Cash and Cash Equivalents				
Financial Assets at Amortised Cost	13	19	52,011	84,268
Financial Assets at Fair Value Through Profit or Loss	30,504	37,059	40,371	50,041
Total Investments	30,517	37,078	92,382	134,309
Debtors				
Financial Assets at Amortised Cost	8,093	6,953	47,995	41,645
Total Debtors	8,093	6,953	47,995	41,645
Borrowings				
Financial Liabilities at Amortised Cost	364,581	365,195	1,825	1,804
Total Borrowings	364,581	365,195	1,825	1,804
Creditors				
Financial Liabilities at Amortised Cost	87	17	39,013	40,165
Total Creditors	87	17	39,013	40,165

Reclassifications

There were no reclassifications of financial instruments during 2022/23.

Income, Expense, Gains and Losses

2022/23

	Financial Liabilities measured at:	Financial Assets measured at:		Total
	Amortised Cost	Amortised Cost	Fair Value Through Profit or Loss	
	£000	£000	£000	£000
Interest Expense	12,560	0	0	12,560
Fee Expense	4	0	163	167
Total Expense in Surplus or Deficit on the Provision of Services	12,564	0	163	12,727
Interest Income	0	(1,473)	4,849*	3,376
Total Income in Surplus or Deficit on the Provision of Services	0	(1,473)	4,849	3,376
Net Gain/(Loss) for the year	12,564	(1,473)	5,012	16,103

* This includes a £7.335M decrease in the fair value due to decreases in the unit price of the externally managed enhanced cash fund, short dated bond funds and property funds.

2021/22

	Financial Liabilities measured at:	Financial Assets measured at:		Total
	Amortised Cost	Amortised Cost	Fair Value Through Profit or Loss	
	£000	£000	£000	£000
Interest Expense	12,483	0	0	12,483
Fee Expense	18	0	109	127
Total Expense in Surplus or Deficit on the Provision of Services	12,501	0	109	12,610
Interest Income	0	(244)	(6,279)	(6,523)
Total Income in Surplus or Deficit on the Provision of Services	0	(244)	(6,279)	(6,523)
Net Gain/(Loss) for the year	12,501	(244)	(6,170)	6,087

Fair Values of Assets and Liabilities

Financial liabilities, financial assets (except for those classified as fair value through profit and loss) and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- estimated ranges of interest rates at 31 March 2023 of 4.24% to 4.78% for loans from the Public Works Loan Board (PWLB) based on new lending rates for equivalent loans at that date;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair values calculated are the same as the carrying amount except where shown below:

The fair value of the financial liabilities are categorised as Level 2 in the fair value hierarchy as the measurement technique uses inputs other than quoted prices included within Level 1 that are observable for the loans.

The financial liabilities where the fair value differs from the carrying value are held with PWLB and market lenders. All these borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount a financial model valuation has been used. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. Our accounting policy uses new loan borrowing rates to discount the future cash flows.

	31 March 2023		31 March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities	405,419	340,653	407,164	439,250
Long Term Creditors	87	87	17	17

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

	31 March 2023	31 March 2022
	Carrying Amount	Carrying Amount
	£000	£000
Financial Assets	170,894	213,032
Long Term Debtors	8,093	6,953

Fair Value through Profit and Loss

The fair value of the property funds, the short-dated bond funds, the enhanced cash fund, and the money market funds have been measured using the quoted price of units. These assets have therefore been categorised as Level 1 in the fair value hierarchy as they have unadjusted quoted prices in active markets for identical assets that the authority can access at the measurement date. The table below sets out the input level in the fair value hierarchy and the valuation techniques for each type of fund.

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation Technique used to Measure Fair Value	Source of Prices or Inputs	31 March 2023	31 March 2022
				£000	£000
Fair Value Through Profit or Loss:					
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	21,099	30,014
Enhanced Cash Fund	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	4,962	5,032
Short Dated Bond Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	14,310	14,996
Property Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	30,793	37,374
Total Fair Value Through Profit of Loss				71,164	87,416

All movements in the Fair Value have been credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the financial reporting period in which the movement occurred.

Note 26. Short Term Debtors

	31 March 2023	31 March 2022
	£000	£000
Central government bodies	14,124	28,279
Local authorities	4,273	4,040
NHS bodies	1,799	1,394
Public corporations and trading funds	4	0
Other entities and individuals	30,815	24,412
Total Debtors	51,015	58,125
Value of impairment included above	(16,887)	(16,200)

Note 27. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2023	31 March 2022
	£000	£000
Cash and cash equivalents held by the Council	39,133	47,156
Other cash and cash equivalents held by the Council (Bank current accounts held by schools)	5,591	6,607
Euro bank account held by the Council	0	1
Total Cash and Cash Equivalents	44,724	53,764

Note 28. Short Term Creditors

	31 March 2023	31 March 2022
	£000	£000
Central government bodies	13,670	47,071
Other local authorities	5,640	4,065
NHS bodies	1,302	200
Other entities and individuals	0	40,596
Total Creditors	62,441	91,932

Note 29. Provisions

	Insurance	Redundancy	Business Rate Appeals	Other Provisions	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2021	2,728	0	2,489	0	5,217
Additional provisions made in year	555	102	452	531	1,640
Amounts used in year	0	0	(1,188)	0	(1,188)
Unused amounts reversed in year	(1,176)	0	0	0	(1,176)
Balance at 31 March 2022	2,107	102	1,753	531	4,493
Additional provisions made in year	717	145	1,329	246	2,437
Amounts used in year	0	(102)	(1,253)	(531)	(1,886)
Unused amounts reversed in year	(311)	0	0	0	(311)
Balance at 31 March 2023	2,513	145	1,829	246	4,733

Insurance Provision

This reflects the total value of claims outstanding at the year-end for which the Council has a future liability of uncertain timing. In addition the Council keeps an insurance reserve (shown in Note 20) to mitigate against the risk of potential claims arising in the future.

Redundancy Provision

Redundancy costs paid in 2021/22 were met from the Council's redundancy provision. A small provision has been made at 31 March 2023 for known management decisions regarding redundancies that were made in 2022/23 that have led to an obligation arising at 31 March 2023 that had not been paid by the year end date.

Business Rates Appeals Provision

This reflects the Council's share of the potential for successful appeals by local businesses against the rateable value of the premises they use, and therefore the potential need for the Council to refund rates paid in 2022/23 and prior years. The overall liability is shared with Central Government and the Essex Fire Service.

Note 30. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 19 and 20.

Note 31. Unusable Reserves

Movements in the Council's unusable reserves are detailed in the Movement in Reserves Statement and in the individual tables below.

Revaluation Reserve

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

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

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

	2022/23	2021/22
	£000	£000
Balance at 1 April	316,487	285,887
Upward revaluation of assets	10,520	45,406
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of services	(7,560)	(5,426)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	2,960	39,980
Difference between fair value and historical cost depreciation	(5,326)	(3,940)
Balance attributable to disposal/write offs		(5,440)
Amount written off to the capital adjustment account	(1,579)	(9,380)
	(6,905)	
Balance at 31 March	312,542	316,487

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 enhancement as depreciation, downward revaluation and impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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

Note 19 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2022/23	2021/22
	£000	£000
Balance at 1 April	213,086	208,006
<i>Reversal of items relating to capital expenditure debited or credited to the comprehensive income and expenditure statement</i>		
Charges for depreciation and revaluation gains and losses and impairment losses on non-current assets	(40,878)	(29,120)
Amortisation of intangible assets	(2,923)	(1,670)
Revenue expenditure funded from capital under statute	(7,735)	(7,264)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the comprehensive income and expenditure statement	(3,380)	(6,983)
	(54,916)	(45,037)
Adjusting amounts written out of the revaluation reserve	6,905	9,380
Net written out amount of the cost of non-current assets consumed in the year	(48,011)	(35,657)
<i>Capital financing applied in the year</i>		
Use of the capital receipts reserve to finance new capital expenditure	987	1,155
Use of the major repairs reserve to finance new capital expenditure	6,161	6,489
Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	12,514	19,037
Statutory provision for the financing of capital investment charges against the general fund and HRA balances	11,722	10,467
Capital expenditure charges against the general fund and HRA balances	4,664	3,875
	36,048	41,023
Movement in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	254	(286)
Balance at 31 March	201,377	213,086

Pensions Reserve

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

	2022/23	2021/22
	£000	£000
Balance at 1 April	(118,624)	(169,636)
Remeasurements of the net defined benefit (liability)/asset	270,214	75,696
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement	(32,221)	(36,101)
Employer's pensions contributions and direct payments to pensioners payable in the year	12,973	11,417
Balance at 31 March	132,342	(118,624)

Note 32. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, i.e. borrowing, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2022/23	2021/22
	£000	£000
Capital Investments		
Property, Plant and Equipment (excluding Infrastructure Assets)	25,701	40,328
Infrastructure Assets	14,607	17,826
Investment Assets	12	11
Intangible Assets	1,954	2,182
Heritage Assets	2,089	1,869
Revenue Expenditure Funded from Capital Under Statute	7,735	7,264
Total Capital Investment	52,098	69,480
Sources of Finance		
Usable Capital Receipts	987	1,155
Government Grants and other Contributions	12,514	19,037
Sums set aside from Revenue:		
Direct Revenue Contributions	4,664	3,875
Major Repairs Reserve	6,161	6,489
Total Financing from Internal Resources	24,326	30,556
Credit arrangements	45	246
Un-supported Capital Borrowing	27,727	38,678
Total Financing from Borrowing/Credit Arrangements	27,772	38,924
Total Capital Financing	52,098	69,480
	2022/23	2021/22
	£000	£000
Opening Capital Financing Requirement	426,741	397,771
Explanation of Movement in Year		
Borrowing (unsupported by Government financial assistance)	27,727	38,678
Assets acquired under Finance Leases	45	246
Repayments of capital long term investments	(61)	0
Minimum Revenue Provision	(11,295)	(9,954)
Closing Capital Financing Requirement	443,157	426,741
of which		
General Fund CFR	343,405	327,553
Housing Revenue Account CFR	99,752	99,188
	443,157	426,741

Note 33. Leases

Council as Lessor

Operating Leases

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

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

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

	31 March 2023	31 March 2022
	£000	£000
Not later than one year	2,924	2,908
Later than one year and not later than five years	10,681	10,837
Later than five years	108,808	109,282
	122,413	123,027

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as rental payments that vary with turnover. In 2022/23 no contingent rents were estimated to be receivable by the Council (2021/22 nil estimated).

Note 34. Downward Revaluation and Impairment Losses

In relation to 2022/23:

Investment Properties were revalued at 31 March 2023 led to a downward valuation or impairment loss of £5.457M in total.

A market review was carried out at 31 March 2023 which led to a downward valuation or impairment loss of £16.266M in total.

An impairment review was also undertaken of capital additions of which £5.401M was considered not to increase the asset value and therefore was impaired.

As a result of the regular review of the fixed asset register downward revaluations and impairments of £0.033M were identified within the Other Land and Buildings category of assets.

As a result of the revaluation of assets transferred from the Asset Under Construction category downward revaluations of £3.159M were identified within the Other Land and Buildings category of assets.

In relation to 2021/22:

Various assets were revalued at 1 April 2021 as part of the rolling revaluation programme which led to a downward valuation or impairment loss of £6.166M in total.

A market review was carried out at 31 March 2022 which led to a downward valuation or impairment loss of £0.215M in total.

An impairment review was also undertaken of capital additions of which £6.124M was considered not to increase the asset value and therefore was impaired.

As a result of the regular review of the fixed asset register downward revaluations and impairments of £0.064M were identified within the Other Land and Buildings category of assets.

As a result of the revaluation of assets transferred from the Asset Under Construction and Other Land and Buildings categories downward revaluations of £5.421M were identified within the Other Land and Buildings, Surplus Assets and Council Dwellings categories of assets.

Note 35. Termination Benefits

The Council is planning to develop a transformational programme which will lead to significant service redesign involving, amongst other things, potential redundancy payment obligations that, although not yet identified, if required will be charged on an accruals basis against the appropriate provision or to the appropriate service area.

Note 36. Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme (TPS), administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

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

In 2022/23 the Council paid £2.8M (2021/22 £2.8M) to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (2021/22 23.68%). There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. There were added years payments of £7,319 awarded in respect of the teachers' pension scheme in 2022/23 (2021/22 £8,417).

It is estimated that the Council will pay £2.9m to the Teachers' Pension Scheme in 2023/24 at a continued contribution rate of 23.68%.

NHS Staff Pension Scheme

A number of NHS staff transferred to the Council as of 1 April 2013 as part of the transfer of Public Health from the NHS. There have also been further transfers of NHS staff as Public Health contracted services have been reviewed and the services brought in-house. These staff have maintained their membership in the NHS Pension Scheme. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022/23, the Council paid £0.213M (2021/22 £0.253M) in respect of retirement benefits to NHS Pensions in respect of staff who have transferred into the Council from the NHS, representing 20.68% of pensionable pay. It is estimated that the Council will similarly pay £0.220M to NHS Pensions in 2023/24.

Note 37. Defined Benefit Pension Schemes

Participation in Pensions Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment (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) administered by Essex County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the pension liabilities with investment assets.

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 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:

	2022/23	2021/22
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	28,583	32,044
(Gain)/Loss from Settlement	0	(774)
Cost of Curtailments	414	829
Administrative Expense	358	278
Financing and Investment Income and Expenditure		
Net Interest Expense	2,924	3,724
Total post-employment benefit charged to the surplus or deficit on the provision of services	32,279	36,101
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	13,953	(42,125)
Other actuarial gains on assets	(12,077)	0
Change in financial assumptions	(308,836)	(35,448)
Change in demographic assumptions	(17,536)	0
Experience (gain)/loss on defined benefit obligation	63,974	1,877
Remeasurement and Other Comprehensive Income and Expenditure	(260,522)	(75,696)
Total post-employment benefit (credited)/charged to the Comprehensive Income and Expenditure Statement	(228,243)	(39,595)
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	228,243	39,595
Actual amount charges against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	12,912	11,417

Pension 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 plan is as follows:

	31 March 2023	31 March 2022
	£000	£000
Present Value of the defined benefit obligation	511,453	740,700
Fair Value of Plan Assets	(633,984)	(622,076)
Net (Asset)/Liability arising from defined benefit obligation	(122,531)	118,624

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2022/23	2021/22
	£000	£000
Opening Balance at 1 April	740,700	744,796
Current Service Cost	28,583	32,044
Interest Cost	19,072	14,211
Contributions by Scheme Participants	4,331	3,934
Actuarial gains arising from changes in demographic assumptions	(17,536)	0
Actuarial (gains)/losses arising from changes in financial assumptions	(308,836)	(35,448)
Other	63,974	1,877
Losses of Curtailments	414	829
Benefits Paid	(19,249)	(19,880)
Liabilities extinguished on Settlements	0	(1,663)
Closing Balance at 31 March	511,453	740,700

Reconciliation of fair value of the scheme assets

	2022/23	2021/22
	£000	£000
Opening Balance at 1 April	622,076	575,160
Interest Income	16,148	10,487
The return on plan assets, excluding the amount included in the net interest expenses	(13,953)	42,125
Other Actuarial Gains	12,077	0
Employers Contributions	12,912	11,417
Contributions by Scheme Participants	4,331	3,934
Benefits Paid	(19,249)	(19,880)
Payment of Bulk Transfer Value	0	(889)
Administrative Expense	(358)	(278)
Closing Balance at 31 March	633,984	622,076

Local Government Pension Scheme assets

The asset allocation as at 31 March is as follows:

	31 March 2023		31 March 2022	
	£000		£000	
Equity Investments	365,186	57.6%	373,513	60.0%
Government Bonds	9,272	1.5%	14,851	2.4%
Other Bonds	0	0.0%	27,241	4.4%
Property	51,924	8.2%	51,021	8.2%
Cash/Liquidity	20,442	3.2%	15,784	2.5%
Alternative Assets	100,340	15.8%	76,873	12.4%
Other Managed Funds	86,820	13.7%	62,793	10.1%
	633,984	100%	622,076	100%

The listed equities allocation consists entirely of overseas investments. All of the equities are listed.

The Government Bonds allocation consists entirely of UK index linked government securities.

Of the Property allocation, 23% is listed.

The Alternative Assets allocation is made up of 28% in Infrastructure, 13% in Private Equity, 9% in Timber, 5% in Private Debt, 36% in Other Managed Funds and 9% in Cash/Temporary Investments.

Basis for Estimating Assets and Liabilities

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

The Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates being based on the last full revaluation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

	2022/23	2021/22
Mortality assumptions:		
Longevity at 65 for Current Pensioners	21.1	21.6
Men	23.5	23.7
Women		
Longevity at 65 for Future Pensioners	22.3	23.0
Men	25.0	25.1
Women		
Rate of Inflation (RPI)	3.3%	3.6%
Rate of Inflation (CPI)	2.9%	3.2%
Rate of increases in salaries	3.9%	4.2%
Rate of increase in pensions	2.9%	3.2%
Rate for discounting scheme liabilities	4.8%	2.6%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below 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 assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption	Decrease in Assumption
	£000	£000
Longevity (increase or decrease in 1 year)	19,999	(19,160)
Rate of inflation (increase or decrease by 0.1%)	7,737	(7,544)
Rate of increase in salaries (increase of decrease by 0.1%)	537	(533)
Rate of increase in pensions (increase or decrease by 0.1%)	7,737	(7,544)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(7,925)	8,130

Impact on the Council's Cash Flows

One of the objectives of the scheme is to keep employers' contributions at as constant a rate as possible. Based on the triennial valuation as at 31 March 2019 the Council agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 5 years. Funding levels are monitored on an annual basis. The next triennial valuation has

taken place as at 31 March 2022 and will take effect from the 2023/24 financial year. The scheme currently provides benefits based on career average revalued earnings.

The Council anticipates paying a £12.695M contribution to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 17 years (19 years 2021/22).

Note 38. 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 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, market prices and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instruments risks.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk with banks and financial institutions is minimised through the Annual Treasury Management Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, the credit ratings being set by Moody, Standard & Poors and Fitch Ratings Services. Regard is also given to rating watches and outlooks and relevant market information as appropriate. The Annual Treasury Management Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

The credit criteria in respect of financial assets held by the Council are as detailed in the Annual Treasury Management Investment Strategy which can be accessed from the Council's website.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £52M cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

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, adjusted to reflect current market conditions.

Credit Risk	Amounts £000	31 March 2023		31 March 2022	
		Historical experience of default %	Historical experience adjusted for market conditions %	Estimated maximum exposure to default and uncollectability £000	Estimated maximum exposure to default and uncollectability £000
		Deposits With Banks And Other Financial Institutions	52,024	0.00%	0.00%
Bonds and Other Securities	70,875	0.00%	0.00%	0	0
Customers	50,388	0.34%	0.52%	250	200

No credit limits were exceeded during the reporting period. Although the unit price of the externally managed enhanced cash fund, short dated bond funds and property funds decreased during 2022/23 due to market conditions these funds are being held into the medium to long term. Over that period the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The past due but not impaired amount can be analysed by age as follows:

	31 March 2023 £000	31 March 2022 £000
Less Than Three Months	12,211	4,855
Three To Six Months	1,158	558
Six Months To One Year	892	1,044
More Than One Year	5,725	5,560
Total	19,986	12,017

Expected Credit Losses

Credit risk at the balance sheet date is assessed by using credit ratings where available and applying the weighted default rate to the balance. Where credit ratings are not available the nature of the financial instrument is considered together with the likelihood that the future cash flows will materialise.

Low risk is considered to be where the credit ratings are A3 and above, where the counterparty is an important partner to the Council with access to external funds or where the Council has a stake in a joint venture or 100% owned subsidiary where the Council has access to the company cash flow forecasts. Where this is the case the 12-month expected credit loss method will be used. All non-trivial balances were assessed as low risk.

The Council applies the rebuttable presumption that credit risk will have increased significantly since initial recognition when contractual payments are more than 30 days past due.

Where a possible default has been identified, where applicable it has been calculated using the credit ratings agencies weighted corporate default rate and applying this to the balance.

For short- and long-term trade debtors the credit risk cannot be assessed individually, so these have been grouped and a collective assessment made by means of a provision matrix.

Expected losses are an allowance based on all reasonably possible future events that could result in default, weighted by likelihood of occurrence. They are calculated by comparing the net present value of all contractual cash flows that are due with the net present value of all cash flows that are expected to be received. There were no non-trivial expected losses identified.

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from other Local Authorities and the Public Works Loans Board. 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 borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy for long term borrowing is to ensure that not more than 40% of loans are due to mature between 2 and 5 years, through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	31 March 2023	31 March 2022
	£000	£000
Less than 1 year	12,519	12,503
Between 1 and 2 years	20,519	12,519
Between 2 and 5 years	67,103	66,113
Between 5 and 10 years	109,012	116,251
Between 10 and 15 years	96,467	89,341
Between 15 and 20 years	36,466	53,267
More than 20 years	257,442	262,037
Total Cost of Loans Over Their Life	599,528	612,031
This total consists of:		
Principal Amount of Loans	355,554	355,721
Future Interest Element	243,974	256,310
Total Cost of Loans Over Their Life	599,528	612,031

These amounts are higher than those recognised in note 25 as they include the interest for each year of the loans, included in the year it falls due.

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

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 or Deficit on the Provision of Services will rise;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Council has several strategies for managing interest rate risk. Policy is to keep an appropriate mix of fixed and variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team, together with its advisers, has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	(1,584)
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	(1,584)
Share of overall impact debited to the HRA	(392)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rated borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	(31,680)

Price Risk

The Council has no investments in equity shares, and therefore has no exposure to losses arising from movements in the price of such shares.

The Council holds investments in property funds, short-dated bond funds and an enhanced cash fund and therefore has exposure to losses arising from movements in the price of the units of those funds. However, under statute the Financial Instrument Revaluation Reserve must be used to capture the change in fair value of these funds, therefore not impacting the General Fund Balance.

Foreign Exchange Risk

The Council has very limited exposure to loss arising from movements in exchange rates.

Notes Supporting the Cash Flow Statement

Note 39. Cash Flow Statement - Interest Paid and Received

The interest paid and received figures are included within the Net (Surplus) or Deficit on the Provision of Services line of the Cash Flow Statement. The amounts are as follows:

	2022/23	2021/22
	£000	£000
Interest paid	12,560	12,248
Interest received	(3,255)	(1,563)
Net Cash Flows from Interest Paid and Received	9,305	10,685

These figures differ from the Interest Payable and Similar Charges and Interest Receivable and Similar Income figures in Note 11, as they do not include accruals and other non-cash items.

Note 40. Cash Flow Statement – Non-Cash Movements

The Cash flows for non-cash movements include the following items:

	2022/23	2021/22
	£000	£000
Depreciation of Non-Current Assets	(24,661)	(19,990)
Downward Revaluation and Impairment Losses on Non-Current Assets	(16,217)	(9,130)
Amortisations	(2,923)	(1,670)
(Increase)/Decrease in impairment for provision for bad debts	(1,062)	(1,896)
(Increase)/Decrease in Creditors	29,414	(7,349)
Increase/(Decrease) in Debtors	(4,517)	(2,780)
Increase/(Decrease) in Inventories	14	(9)
Net retirement benefits per IAS19	(19,367)	(24,684)
Carrying amount of assets disposed/sold	(3,380)	(6,983)
Reverse out the movement on the provision debited or credited to the Comprehensive Income and Expenditure Statement and replace with the cash payments made in the year out of the provision	(240)	724
Movements in the value of investment properties	254	(286)
Removal of Council Tax and Business Rates Agency Adjustments from Comprehensive Income and Expenditure Statement	9,392	8,999
Other	1	1
Net Cash Flow Adjustments	(33,292)	(65,053)

Note 41. Cash Flow Statement - Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities

	2022/23	2021/22
	£000	£000
Capital Grants credited to deficit on the provision of services	20,132	25,333
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,338	2,500
Proceeds from short-term and long-term investments	783	392
Net Cash Flow Adjustments	25,253	28,225

Note 42. Cash Flow Statement - Investing Activities

	2022/23	2021/22
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	44,318	61,970
Purchase of short-term and long-term investments	30,000	70,079
Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	(4,338)	(2,500)
Proceeds from short-term and long-term investments	(70,623)	(25,449)
Other receipts from investing activities	(20,132)	(25,333)
Net Cash Flow from Investing Activities	(20,775)	78,767

Note 43. Cash Flow Statement - Financing Activities

	2022/23	2021/22
	£000	£000
Cash receipts of short and long-term borrowing	0	(40,000)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	269	257
Repayments of short and long-term borrowing	167	3,143
Council Tax and Non-Domestic Rates agency adjustments	(9,392)	(8,999)
Repayments of ECC transferred debt	426	513
Net Cash Flow from Financing Activities	(8,530)	(45,086)

Other Notes

Note 44. 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 UK Government

Central UK 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 the majority 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, and other areas of the public sector, used in 2022/23 and those received but not yet applied as at 31 March 2023 are set out in Note 18.

In addition, the Council works in partnership with NHS Mid and South Essex Integrated Care Board through a pooled budget arrangement.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2022/23 is shown in Note 14.

As part of their roles, Members are often appointed to be the Council's representatives on outside bodies, and occasionally hold similar roles in their own right. Separately the Council may commission services from these organisations, or potentially grant aid them under its voluntary sector grants programme. Contracts were entered into with full procurement rules compliance and awards made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Civic Offices during office hours.

It is considered that these transactions do not constitute related party transactions.

Officers

Two officers acted as Board members to two of the Council's wholly owned subsidiaries – Southend Trading Corporation Limited and Southend Business Services Limited. One of those officers also acted as Board member to another of the Council's wholly owned subsidiaries - Southend Housing Limited. Southend Trading Corporation Limited has ceased trading. Southend Business Services Limited and Southend Housing Limited had yet to trade as at the balance sheet date. The officers do not hold any pecuniary stake in the companies, nor take any director fee. The Council however is reimbursed for officer time spent on company business.

Five officers acted as Board members to three of the Council's joint ventures – Porters Place Southend-on-Sea LLP, Airport Business Park Southend Management Ltd and LHCS and Southend Travel Partnership Limited.

Entities Controlled or Significantly Influenced by the Council

Southend-on-Sea City Council has a dominant influence over South Essex Homes Limited, which manages the Council's housing stock. During the financial year, three Councillors occupied the three reserved positions on the board of South Essex Homes Limited. All material transactions with the company are recorded in the notes to the consolidated group accounts.

Under IAS19 South Essex Homes Limited must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2023 there was a net surplus of £15.327M (*net deficit of £1.558M at 31 March 2022*) in respect of South Essex Homes Limited's pension liabilities. As at 31 March 2023 South Essex Homes Limited also had a retained surplus of £3.317M (*£3.369M at 31 March 2022*) in respect of its Profit and Loss reserve. Southend-on-Sea City Council undertakes to provide continuing financial support to enable the financial statements of South Essex Homes Limited to be prepared on a going concern basis.

Southend-on-Sea City Council also has a dominant influence over Southend Care Ltd, which provides adult social care services to the Council. During the course of the financial year no Councillors or Officers acted as Director on the board of Southend Care Ltd. All material transactions with the company are recorded in the notes to the consolidated group accounts.

Under IAS19 Southend Care Ltd must account for the net surplus or deficit arising from its share of the pension assets and liabilities in respect of its employees who are members of the Essex County Council Pension Fund. As at 31 March 2023 there was a net surplus of £3.368M (*net deficit of £5.422M as at 31 March 2022*) in respect of Southend Care Limited's pension liabilities. As at 31 March 2023 Southend Care Ltd also had a retained surplus of £0.738M (*£1.259M retained surplus at 31 March 2022*) in respect of its Profit and Loss reserve. Southend-on-Sea City Council undertakes to provide continuing financial support to enable the financial statements of Southend Care Ltd to be prepared on a going concern basis.

Given the nature of the two companies, and the fact that they substantially only work to provide services to the Council, in the event of failure of a company the Council would need to secure the continuance of service provision through other means. In such an eventuality, it would mean that any pension deficit would simply transfer from group to the single entity at that point.

Southend-on-Sea City Council has joint control of Porters Place Southend-on-Sea LLP, together with Swan BQ Limited, now a wholly owned subsidiary of Sanctuary Housing Association, with the purpose to regenerate the Queensway Estate and surrounding environs.

Note 45. Contingent Liabilities

The Council has no contingent liabilities.

HOUSING REVENUE ACCOUNT

HRA Income and Expenditure Statement

2021/22		2022/23
£000		£000
	Income	
(26,423)	Dwelling Rents (Gross)	(27,659)
(1,527)	Non Dwelling Rents (Gross)	(1,595)
(650)	Charges for Services and Facilities	(589)
(1,973)	Revaluation Gains (to reverse previous impairment charges)	(131)
(30,573)	Total Income	(29,974)
	Expenditure	
6,370	Repairs and Maintenance	6,097
7,625	Supervision and Management	8,539
799	Rents, Rates, Taxes and other Charges	792
199	Provision for Bad and Doubtful Debts	293
7,386	Depreciation and impairment on Council Dwellings <i>(HRA Note 3)</i>	17,954
153	Depreciation and impairment on Other Assets <i>(HRA Note 3)</i>	205
25	Debt Management Expenses	27
22,557	Total Expenditure	33,907
(8,016)	Net cost of HRA services as included in the whole authority Comprehensive Income and Expenditure Account	3,933
204	HRA services share of Corporate and Democratic Core	204
(7,812)	Net Cost of HRA Services	4,137
(984)	(Profit) on Sale of HRA Long Term Assets	(871)
3,156	Interest Payable and Similar Charges	3,536
(2,043)	General Grants	(700)
(88)	Interest Receivable	(933)
(7,771)	(Surplus)/Deficit for the year on HRA services	5,169

Movement on the HRA Balance

This Statement takes the outturn on the HRA Income and Expenditure Account and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2021/22		2022/23
£000		£000
(7,771)	Surplus for the year on the Housing Revenue Account Income And Expenditure Account	5,169
7,584	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	(4,846)
187	Transfer to/(from) Earmarked Reserves	(323)
(0)	Decrease/(Increase) in the Housing Revenue Account Balance	0
(3,502)	Housing Revenue Account - Balance Brought Forward	(3,502)
(3,502)	Housing Revenue Account - Balance Carried Forward	(3,502)

Calculation of Movement on the HRA Balance

2021/22		2022/23
£000		£000
	Amounts included in the HRA Income And Expenditure Account but required by statute to be excluded when determining the Movement on the HRA Balance for the year	
984	Profit on Sale of HRA Long Term Assets	871
2,314	General Grants / Service Grants	876
	Amounts not included in the HRA Income And Expenditure Account but required to be included by statute when determining the Movement on the HRA Balance for the year	
1,251	Transfer to/(from) Capital Adjustment Account - Revaluations	(10,346)
(90)	Transfer from Capital Adjustment Account - REFCUS	(352)
3,125	Revenue Contribution to Capital	4,105
187	Transfer to/(from) Earmarked Reserves	(323)
7,771	Net Additional Amount required to be credited to the Housing Revenue Account Balance for the year	(5,169)

Notes to the HRA

HRA Note 1. Analysis of Housing Stock

	Number of Properties 31 March 2023	Number of Properties 31 March 2022
Houses And Bungalows	2,089	2,095
Flats	3,853	3,841
Total Houses and Flats	5,942	5,936
Homelessness Hostel Bedsits - Room only	125	125
	6,067	6,061

HRA Note 2. Major Repairs Reserve

The Reserve consists of depreciation charged to the HRA transferred to the account via the Capital Adjustment Account. The balance on the reserve is available to fund future capital expenditure within the HRA.

	2022/23 £000	2021/22 £000
Balance at 1 April	8,395	8,067
Transfers In	7,682	6,817
Used To Fund Capital (Council Dwellings)	(6,161)	(6,489)
Balance at 31 March	9,916	8,395

HRA Note 3. Depreciation

Depreciation – a charge for depreciation has also been made covering dwellings. The useful economic life for Dwellings, other buildings and non-operational assets are in accordance with the componentisation policy and in line with those shown in note 21. The Major Repairs Allowance (MRA) is matched against the cost of depreciation. Land is not depreciated due to having an indefinite life.

	2022/23	2021/22
	£000	£000
Item 8 Debit		
<u>Depreciation</u>		
Council Dwellings	7,477	6,664
Other Assets	205	153
<u>Impairment</u>		
Council Dwellings	10,477	722
Other Assets	0	0
Total Depreciation and Impairment	18,159	7,539
Debt Management Expenses	27	25
Loan Interest Payable	3,536	3,156
Item 8 Credit		
Interest Receivable	(933)	(88)
<u>Revaluation Gains</u>		
Council Dwellings	0	(1,512)
Other Assets	(131)	0
Appropriation To/(From) Capital Adjustment Account - Revaluations	(10,346)	1,251
Appropriation From Capital Adjustment Account - REFCUS	(352)	(90)
Net Effect On HRA	9,960	10,281

HRA Note 4. Property, Plant and Equipment

The Fixed Assets for the Housing Revenue Account are shown in the table below.

The assets are shown at existing use value to reflect the fact that they are used for social housing and are less than market value.

The Open Market Value (OMV) of council dwellings at 1 April 2022 amounted to £719.5M. It should be noted that the difference between the vacant possession value, or the OMV above, and the balance sheet value of dwellings within the HRA show the economic cost to Government of providing council housing at less than market value.

	Council Dwellings	Other Land & Buildings	Assets Under Construction	Non-Operational Investment Properties	Total
	£000	£000	£000	£000	£000
Gross Book Value as at 31 March 2022	458,732	11,097	216	913	470,958
Accumulated Depreciation as at 31 March 2022	(12,666)	(306)	0	0	(12,972)
Net Book Value as at 31 March 2022	446,066	10,791	216	913	457,986
Additions	12,281	16	123	0	12,420
Disposals	(1,499)	0	0	0	(1,499)
Transfers	38	0	0	0	38
Revaluations via Revaluation Reserve	(7,507)	0	0	0	(7,507)
Revaluations recognised in I&E	(10,477)	0	0	131	(10,346)
<u>Depreciation</u>					
For Current Year	(7,477)	(205)	0	0	(7,682)
Disposals	58	0	0	0	58
Gross Book Value as at 31 March 2023	451,568	11,113	339	1,044	464,064
Accumulated Depreciation as at 31 March 2023	(20,085)	(511)	0	0	(20,596)
Net Book Value as at 31 March 2023	431,483	10,602	339	1,044	443,468

HRA Note 5. Capital Expenditure

	2022/23 £000	2021/22 £000
Purchase, construction or enhancement of Council Dwellings	12,420	12,631
REFCUS	352	90
Total HRA Capital Expenditure	12,772	12,721
<u>Financed by:-</u>		
Usable Capital Receipts	929	877
Total Financed By Capital Receipts	929	877
<u>Revenue contributions:-</u>		
General Reserves	4,105	3,125
Major Repairs Reserve	6,161	6,489
Third Party	736	1,089
Capital Grant	316	1,043
Total Revenue Contributions	11,318	11,746
<u>Funded by Borrowing</u>	525	98
Total Capital Expenditure	12,772	12,721

THE COLLECTION FUND

The Collection Fund

2021/22 £000 Council Tax	2021/22 £000 NNDR	2021/22 £000 Total		2022/23 £000 Council Tax	2022/23 £000 NNDR	2022/23 £000 Total	Collection Fund Note
INCOME							
107,859	0	107,859	Income from Council Tax	113,107	0	113,107	1
0	27,892	27,892	Income Collectable from Business Ratepayers adjusted for Transitional Payment Protection payable	0	37,998	37,998	2
107,859	27,892	135,751	Total Income	113,107	37,998	151,105	
EXPENDITURE							
Precepts and Demands							
88,079	0	88,079	Southend-on-Sea City Council	92,297	0	92,297	
12,226	0	12,226	Essex Police Authority	12,911	0	12,911	
4,332	0	4,332	Essex Fire Authority	4,451	0	4,451	
Business Rates							
0	21,926	21,926	Payments to Government	0	18,565	18,565	
0	439	439	Payments to Fire Authority	0	371	371	
0	21,487	21,487	Payments to Southend-on-Sea City Council	0	18,194	18,194	
0	218	218	Costs of Collection	0	215	215	
Doubtful Debt and Appeals Provisions							
429	(435)	(6)	Top-up of Doubtful Debt Provision	1,123	70	1,193	
265	348	613	Write-off of Debt	0	40	40	
0	923	923	NNDR Provisions for Appeals	0	2,713	2,713	
0	(2,424)	(2,424)	NNDR Settlement of Appeals	0	(2,557)	(2,557)	
105,331	42,482	147,813	Total Expenditure	110,782	37,611	148,393	
USE OF BALANCES							
Council Tax							
1,500	0	1,500	Southend-on-Sea City Council	1,500	0	1,500	
208	0	208	Council Tax – Essex Police Authority	749	0	749	
78	0	78	Council Tax – Essex Fire Authority	266	0	266	
Business Rates							
0	(13,192)	(13,192)	Government	0	(6,446)	(6,446)	
0	(12,929)	(12,929)	Southend-on-Sea City Council	0	(6,318)	(6,318)	
0	(264)	(264)	Essex Fire Authority	0	(129)	(129)	
742	11,795	12,537	Surplus/(Deficit) for the year	(190)	13,280	13,090	

2021/22 £000 Council Tax	2021/22 £000 NDR	2021/22 £000 Total		2022/23 £000 Council Tax	2022/23 £000 NDR	2022/23 £000 Total
COLLECTION FUND BALANCE						
7,185	(28,295)	(21,110)	Balance brough forward at 1 April	7,927	(16,500)	(8,573)
742	11,795	12,537	(Deficit)/Surplus for the year (as above)	(190)	13,280	13,090
7,927	(16,500)	(8,573)	Balance Carried Forward at 31 March	7,737	(3,220)	4,517
ALLOCATED TO:						
0	(8,085)	(8,085)	Government	0	(1,610)	(1,610)
931	0	931	Police Authority	920	0	920
324	(165)	159	Fire Authority	317	(32)	285
6,672	(8,250)	(1,578)	Southend-on-Sea City Council	6,500	(1,578)	4,922
7,927	(16,500)	(8,573)	Balance Carried Forward at 31 March	7,737	(3,220)	4,517

Notes to the Collection Fund

Collection Fund Note 1 Income from Council Tax

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex Police Authority, Essex Fire Authority and Southend-on-Sea City Council for the forthcoming year and dividing this by the Council Tax Base. The basic amount for a Band D property (£1,899.18 for the Leigh-on-Sea Town Council area and £1,848.24 for all other parts of the City) is multiplied by the proportion specified for the particular band to give an individual amount due.

The amount per band is as follows:

Valuation Band	Range of Values	Council Tax 2022/23 Leigh-on-Sea Town Council Area	Council Tax 2022/23 All other parts of the City	Ratio to Band D
	£	£	£	
A	Up to and including 40,000	1,266.12	1,232.16	6/9
B	40,001 - 52,000	1,477.14	1,437.52	7/9
C	52,001 - 68,000	1,688.16	1,642.88	8/9
D	68,001 - 88,000	1,899.18	1,848.24	1
E	88,001 - 120,000	2,321.22	2,258.96	11/9
F	120,001 - 160,000	2,743.26	2,669.68	13/9
G	160,001 - 320,000	3,165.30	3,080.40	15/9
H	More than 320,000	3,798.36	3,696.48	18/9
Band D		2021/22	2022/23	% increase
		£	£	
Southend-on-Sea City Council		1,494.72	1,554.39	3.99
Essex Police Authority		208.53	218.52	4.79
Essex Fire Authority		73.89	75.33	1.95
Total for Other than Leigh-on-Sea Town Council Area		1,777.14	1,848.24	4.00
Leigh-on-Sea Town Council		50.58	50.94	0.71
Total for Leigh-on-Sea Town Council Area		1,827.72	1,899.18	3.91

The number of chargeable dwellings for Council Tax in each Valuation Band (adjusted for dwellings where discounts apply) for the year was as follows:

	Number of Dwellings	Ratio	Equivalent Number of Dwellings
Valuation Band - A*	4.32	5/9	2.40
Valuation Band - A	10,531.74	6/9	7,021.16
Valuation Band - B	12,147.94	7/9	9,448.40
Valuation Band - C	20,354.83	8/9	18,093.18
Valuation Band - D	11,188.65	9/9	11,188.65
Valuation Band - E	6,133.19	11/9	7,496.12
Valuation Band - F	3,436.67	13/9	4,964.08
Valuation Band - G	1,504.44	15/9	2,507.40
Valuation Band - H	96.39	18/9	192.78
	65,398.17		60,914.17

Less:

Adjustment for Collection of Rates and anticipated changes during the year for successful Appeals against Valuation Banding, New Properties, Demolitions, Disabled Persons Relief and Exempt Properties.	1,827.43
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* Reductions For Band A Disabled.

Council Tax Base	59,086.74
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Collection Fund Note 2 Non-Domestic Rates

Non-Domestic Rates are organised on a national basis. The Government specified an amount of 51.2p in 2022/23 (*51.2p in 2021/22*) with a small business rate of 49.9p in 2022/23 (*49.9p in 2021/22*) and, subject to the effects of transitional arrangements, local businesses pay rates that are calculated by multiplying their rateable value by that amount.

The Council is responsible for collecting rates due from the ratepayers in its area but pays 50% of the proceeds over to the Government for onward redistribution in line with need. The Council retains 49% of the proceeds, with the final 1% being passed over to Essex Fire Authority.

After relief and provisions, the Non-Domestic Rates income collectable was £37,518,537 for 2022/23 (*£29,262,498 for 2021/22*). The year-end rateable value for the Council's area was £119,188,793 at 31 March 2023 (*£119,777,228 at 31 March 2022*).

Collection Fund Note 3 Provisions for Non-collection and NNDR Appeals

Within the Collection Fund there are the following provisions.

- A provision of £6.437M as at 31 March 2023 for bad and doubtful debts for Council Tax (£5.559M as at 31 March 2022)
 - A provision of £0.815M as at 31 March 2023 for bad and doubtful debts for NNDR (£1.342M as at 31 March 2022). Under business rate retention arrangements, 49% of this provision is attributable to the Council.
- A provision of £3.696M as at 31 March 2023 for the potential impact of successful appeals by businesses against their rateable values (£3.578M as at 31 March 2022). Under business rate retention arrangements, 49% of this provision is attributable to the Council.

Collection Fund Note 4 Collection Fund Balance

The Community Charge Collection Fund was closed at 31 March 2007 and any income received after this date has been included in the Council Tax Collection Fund. The balance of £7.737M on the Council Tax Collection Fund is split between Essex Police Authority, Essex Fire Authority and this Council, in proportion to the value of the respective precept demands made by the three authorities on the Collection Fund and will be reflected in future year's Council Tax.

Under Business Rates retention, the deficit balance of £3.220M on the NNDR Collection Fund is split between Central Government, Essex Fire Authority, and this Council, in the statutory proportions 50%, 1% and 49% respectively.

	31 March 2023	31 March 2022
	£000	£000
Council Tax - Southend-on-Sea City Council	6,500	6,672
Council Tax - Essex Police Authority	921	931
Council Tax - Essex Fire Authority	317	324
NNDR - Southend-on-Sea City Council	(1,578)	(8,250)
NNDR – Government	(1,610)	(8,085)
NNDR - Essex Fire Authority	(32)	(165)
Total	4,517	(8,573)

	31 March 2023	31 March 2022
Shown on Balance Sheet as:	£000	£000
Collection Fund Adjustment Account	4,922	(1,578)
Creditors Falling Due Within One Year	(405)	(6,995)
Total	4,517	(8,573)

Collection Fund Note 5 Impact of COVID-19 on Collection Fund

An integral part of the Government's fiscal response to the impact of the COVID-19 pandemic in 2020/21 was to provide significant financial support (via Councils) to local businesses in the form of substantial rating reliefs within their respective areas. This financial support to local businesses continued into 2021/22 and 2022/23 but at a reduced level.

This national policy response reduced the value of business rate income available to be collected at a local level and the impact continued to a lesser extent in 2021/22 and 2022/23. This had the direct impact of reducing the level of business rate income collectable within the Council's Collection Fund. Across all three years, to compensate the Council for this reduction an equivalent value of Section 31 grant was received from the Government into the General Fund. After the appropriate amount had been applied to the Collection Fund in 2022/23 there was an in-year surplus of £13.280M, which reduced the deficit to be carried forward into 2023/24 for business rates. It is anticipated that over the medium term the Council will receive full compensation equivalent to the total amount of business rates income that has been lost directly due to this national policy initiative during the pandemic.

THE GROUP ACCOUNTS

Introduction

Many local authorities now provide services through partner organisations which operate under the control of the Council.

The Code requires that, where a Council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts.

Southend-on-Sea City Council has reviewed the relationships it has with its partner organisations to determine the scope of the Council Group.

Wholly Owned Companies

As at 31 March 2023, the Council had five wholly owned companies that it considers to fall within the legal definitions of group accounts. These are:

- South Essex Homes Limited
- Southend Care Ltd
- Southend Trading Corporation Limited
- Southend Housing Limited, and
- Southend Business Services Limited

Southend-on-Sea City Council established an Arm's Length Management Organisation registered as South Essex Homes Limited on 16 May 2005 and transferred responsibility for the management of its housing stock to the company on 24 October 2005. South Essex Homes Limited has no share capital, is limited by guarantee and is controlled by the Council. The Council is committed to meet all accumulated deficits or losses.

Southend Care Ltd is a company that has been established to deliver a range of adult social care services previously provided by the Council directly. The Council transferred several its provider services to the company as at 1 April 2017.

Southend Trading Corporation Limited is a company that was established to exploit the Council's telephony assets by selling surplus capacity to the public and private sectors. It ceased trading as at 31 March 2015.

Southend Housing Limited and Southend Business Services Limited have yet to trade.

Of the five companies, South Essex Homes Limited and Southend Care Limited are the only subsidiary companies that have been judged to be material to the Council in both the current and the previous year. The other subsidiaries are immaterial in total and are hence excluded from the consolidation.

Joint Ventures

As at 31 March 2023 the Council participated in five joint ventures, where it has a significant level of control. These are:

- PSP Southend LLP
- Porters Place Southend-on-Sea LLP
- LHCS and Southend Travel Partnership Limited
- Southend-on-Sea Forum Management Limited
- Airport Business Park Southend Management Ltd

PSP Southend LLP is a vehicle through which the Council is able to redevelop surplus assets. It is jointly controlled with a partner company PSP Facilitating Limited on a 50:50 basis. Some assets have been formally transferred to the LLP and developed, and subject to Cabinet approvals, option agreements/direct sales of other sites are planned.

Porters Place Southend-on-Sea LLP is the 30-year partnership with Swan BQ Limited, a wholly owned subsidiary of Sanctuary Housing Association, with the purpose to regenerate the Queensway Estate and surrounding environs. The partnership is exercised by the Council being a member of Porters Place Southend-on-Sea LLP, where it holds a 50% stake, pursuant to a Limited Partnership Agreement dated 24 April 2019.

LHCS and Southend Travel Partnership Limited was incorporated on 5th July 2019 and has been established as a vehicle through which the Council can provide passenger transport. The company is a partnership between Southend-on-Sea City Council and London Hire Community Services and the Council has a 49% holding. The company commenced trading on 1 March 2020.

Southend-on-Sea Forum Management Limited has been established as a vehicle through which The Forum Southend-on-Sea is managed. The Forum Southend-on-Sea is a partnership between Southend-on-Sea City Council, the University of Essex, and South Essex College. The Forum Southend-on-Sea is also the home of the Focal Point Gallery. The Council has equal voting rights to the other two partners.

Airport Business Park Southend Management Ltd has been established as a vehicle through which the Airport Business Park will be managed. The development is a partnership between Southend-on-Sea City Council and HBD (formally Henry Boot Developments Limited). The Council has a majority shareholding linked to its majority land ownership and shares are distributed with plots as they are sold. The Council is not a director on this company but does attend all management company meetings.

For all five joint ventures, the Council's proportions of net assets are immaterial to the accounts and therefore have not been consolidated into the group accounts, with the exception of Porters Place Southend-on-Sea LLP. This joint venture is not yet material in a quantitative sense but will become so as the years progress and had been deemed material in a qualitative sense as Better Queensway is the largest housing and regeneration project the Council has undertaken since the 1960's. Sanctuary Housing Association's recent acquisition of Swan Housing Ltd has contributed to a delay in the finalisation of the LLP's draft Financial Statements for 2022/23. These draft group accounts have therefore been prepared without including 50% of the figures for Porters Place Southend-on-Sea LLP. The figures will be included before the audited and signed 2022/23 Statement of Accounts for the Council are published.

Trust Funds

The Council is responsible for administering several trust funds. These funds are not Council assets, so they are not included in the Council's own balance sheet. The Council prepares the accounts for these trusts which are subject to audit or examination in accordance with the requirements of the Charity Commission.

At the 31 March 2023, the Council was sole trustee of eight trust funds. Although the Council would require the agreement of the Charity Commission to alter the aims and objectives of the Charities, or indeed to dispose of any charity assets, the Council does have significant control over the day to day operations.

The purpose of each trust fund is set out below:

Beecroft Art Trust

The promotion of the study of art, music and literature.

Jones Memorial Recreation Ground Trust

The provision and maintenance of a recreation ground for the benefit of children and young persons who have not reached the age of 25 years and are resident in the city of Southend-on-Sea, without distinction of political, religious or other opinions.

The Palace Theatre Charity

The Palace Theatre was conveyed to the Council by Mrs GE Mouillot in a deed of gift as an expression of her interest and goodwill towards the then County Borough Council. The Theatre is used for the general benefit of the inhabitants of Southend-on-Sea.

Prittlewell Priory Museum Trust

To provide a museum for the general benefit of the inhabitants of Southend-on-Sea.

Priory Park Trust

To be dedicated, held, used and enjoyed as and for the purposes of a public park for the benefit of the inhabitants of the City of Southend-on-Sea and the recreation of the public area.

The Shrubbery Trust

For the enjoyment of the public as an open space under the Open Spaces Act 1906.

Victory Sports Ground Trust

A public park to be known as the "Victory Sports Ground" for the benefit of the inhabitants of the City of Southend-on-Sea and the recreation of the public.

Youth Commemoration Ground Trust

The provision and maintenance of a recreation ground for the benefit of children and young persons who have not reached the age of 25 years and are resident in the City of Southend-on-Sea.

The assets of these trusts were donated by individuals to provide facilities for the good of the local community.

Group Accounting Policies

South Essex Homes Limited, Southend Care Limited, Porters Place Southend-on-Sea LLP and the Trust Fund accounting policies are consistent with the Group accounting policies with the following exception:

The Group accounting policy is that Cash and Cash Equivalents are represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. South Essex Homes Limited's accounting policy is that cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours and cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Group Balance Sheet, the figures for Short Term Investments and Cash and Cash Equivalents have been aligned to the Group accounting policy.

Group Comprehensive Income and Expenditure Statement

2021/22				2022/23		
Gross Expenditure £000	Restated Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
34,797	(19,200)	15,597	Leader: Corporate Matters and Performance Delivery	24,114	(3,951)	20,163
26,105	(7,749)	18,356	Deputy Leader (May-Oct): Environment, Culture and Tourism	37,264	(12,166)	25,098
22,792	(6,104)	16,688	Deputy Leader (Nov-May): Public Protection	24,590	(5,184)	19,406
104,830	(45,656)	59,174	Adult Social Care and Health Integration	102,235	(45,633)	56,602
5,718	(2,318)	3,400	Asset Management and Inward Investment	8,244	(2,666)	5,578
113,719	(65,424)	48,295	Children and Learning and Inclusion	128,109	(79,299)	48,810
72,726	(68,428)	4,298	Economic Recovery, Regeneration and Housing	73,073	(65,997)	7,076
26,270	(16,240)	10,030	Highways, Transport and Parking	23,746	(12,979)	10,767
406,957	(231,119)	175,838	Net Cost of General Fund Services	421,565	(228,065)	193,500
26,143	(35,992)	(9,849)	Local Authority Housing (HRA)	33,621	(34,545)	(924)
26,143	(35,992)	(9,849)	Net Cost of Housing Revenue Account Services	33,621	(34,545)	(924)
433,100	(267,111)	165,989	Cost of Services	455,186	(262,610)	192,576
		5,985	Other Operating Expenditure			230
		10,471	Financing and Investment Income and Expenditure			17,790
		(166,299)	Taxation and Non-Specific Grant Income			(162,364)
		16,146	(Surplus) or Deficit on Provision of Services			48,232
		0	Tax Expenses of Subsidiary			0
		16,146	Group (Surplus)/Deficit			48,232
		(39,980)	Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets			(2,960)
		(84,497)	Actuarial gains/losses on Pension Assets/Liabilities			(287,189)
		(124,477)	Other Comprehensive Income and Expenditure			(290,149)
		(108,331)	Total Comprehensive Income and Expenditure			(241,917)

Group Movement in Reserves

	Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Balance at 31 March 2021	210,512	320,505	531,017
Movement in Reserves during 2021/22			
Deficit on the Provision of Services	(16,146)	0	(16,146)
Other Comprehensive Income and Expenditure	0	124,477	124,477
Total Comprehensive Income and Expenditure	(16,146)	124,477	108,331
Adjustments between accounting basis and funding basis under regulations	19,392	(19,392)	0
Net Increase before Transfers to reserves	3,246	105,085	108,331
Transfers to / from Earmarked Reserves	0	0	0
Increase in 2021/22	3,246	105,085	108,331
Balance at 31 March 2022	213,758	425,590	639,348
Movement in Reserves during 2022/23			
Deficit on the Provision of Services	(48,232)	0	(48,232)
Other Comprehensive Income and Expenditure	0	290,149	290,149
Total Comprehensive Income and Expenditure	(48,232)	290,149	241,917
Adjustments between accounting basis and funding basis under regulations	40,614	(40,614)	0
Net Increase before Transfers to reserves	(7,618)	249,535	241,917
Transfers to / from Earmarked Reserves	0	0	0
Increase in 2022/23	(7,618)	249,535	241,917
Balance at 31 March 2023	206,140	675,125	881,265

Group Balance Sheet

31 March 2022 £000		31 March 2023 £000
	Property, Plant & Equipment (excluding infrastructure assets)	763,437
772,356		137,486
128,780	Infrastructure Assets	
34,887	Heritage Assets	36,020
38,518	Investment Property	38,709
9,126	Intangible Assets	7,902
37,078	Long Term Investments	30,517
6,953	Long Term Debtors	8,093
0	Other Long Term Assets - Pensions	141,226
1,027,698	Long Term Assets	1,163,390
85,111	Short term Investments	52,298
0	Assets Held for Sale	0
187	Inventories	201
53,059	Short Term Debtors	45,033
57,627	Cash and Cash Equivalents	52,328
195,984	Current Assets	149,860
(1,804)	Short Term Borrowings	(1,825)
(84,961)	Short Term Creditors	(58,715)
(4,493)	Provisions	(4,733)
(91,258)	Current Liabilities	(65,273)
(2,278)	Long Term Creditors	(2,131)
(355,554)	Long Term Borrowing	(355,365)
(125,604)	Other Long Term Liabilities - Pensions	0
(9,641)	Other Long Term Liabilities - Other	(9,216)
(493,077)	Long Term Liabilities	(366,712)
639,347	Net Assets	881,265
213,758	Usable Reserves	206,140
425,589	Unusable Reserves	675,125
639,347	Total Reserves	881,265

Group Cash Flow Statement

2021/22 £000		2022/23 £000
16,146	Net Deficit on the Provision of Services	48,232
(66,641)	Adjustments to Net Surplus or Deficit on the Provision of Services for non-cash Movements	(38,841)
28,217	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	25,138
(22,278)	Net cash flows from Operating Activities	34,529
78,773	Investing Activities	(20,700)
(45,086)	Financing Activities	(8,530)
11,409	Net (Increase)/Decrease in Cash and Cash Equivalents	5,299
(69,036)	Cash and Cash Equivalents at the beginning of the Reporting Period	(57,627)
(57,627)	Cash and Cash Equivalents at the end of the Reporting Period	(52,328)

Notes to the Group Accounts

The notes have only been produced where they are materially different to the notes supplied with the Council's primary statements, or where it adds significant contextual information.

Group Note 1 Details of Subsidiary Companies and Joint Venture

South Essex Homes Limited – Company registration number 05453601

Southend Care Limited – Company registration number 10138562

Porters Place Southend-on-Sea LLP - Company registration number OC427026

Group Note 2 Financial Performance Subsidiary Companies

	2022/23			2021/22		
	South Essex Homes Ltd	Southend Care Ltd	Total	South Essex Homes Ltd	Southend Care Ltd	Total
	£000	£000	£000	£000	£000	£000
Income	(15,243)	(10,133)	(25,376)	(13,145)	(8,758)	(21,903)
Expenditure	15,872	11,069	26,941	13,988	9,195	23,183
Long Term Assets	15,327	3,368	18,695	0	0	0
Current Assets	11,625	4,876	16,501	7,762	3,143	10,905
Current Liabilities	(8,308)	(3,888)	(12,196)	(4,393)	(1,634)	(6,027)
Long Term Liabilities	0	(250)	(250)	(1,558)	(5,672)	(7,230)
Net Assets	18,644	4,106	22,750	1,811	(4,163)	(2,352)
Usable Reserves	3,317	738	4,055	3,369	1,259	4,628
Unusable Reserves	15,327	3,368	18,695	(1,558)	(5,422)	(6,980)
Total Reserves	18,644	4,106	22,750	1,811	(4,163)	(2,352)

The negative unusable reserves of both companies represent the deficits of their pension schemes. The Council provides a guarantee to both companies so that they can continue to be regarded as going concerns.

Trust Funds

2022/23	Beecroft Art Gallery	Jones Memorial Trust	Palace Theatre Charity	Prittlevell Priory Museum Trust	Priory Park Trust	The Shrubbery Trust	Victory Sports Ground Trust	Youth Commemoration Ground Trust	Total Trusts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	(192)	(34)	(61)	(137)	(176)	(56)	(20)	(646)	(1,322)
Expenditure	193	31	110	286	213	5	20	747	1,605
Property, Plant and Equipment	0	22	1,075	518	553	0	10	10,760	12,938
Heritage Assets	1,969	0	0	1,812	0	0	0	0	3,781
Investment Property	0	0	0	0	84	482	0	0	566
Other Current Assets	1,287	134	1	6	1	568	1	3,694	5,692
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(10)
Net Assets	3,255	155	1,075	2,335	637	1,049	10	14,451	22,967
Usable Reserves	1,287	133	0	523	0	567	0	3,690	6,200
Unusable Reserves	1,969	22	1,075	1,812	637	482	10	10,760	16,767
Total Reserves	3,256	155	1,075	2,335	637	1,049	10	14,450	22,967

2021/22	Beecroft Art Gallery	Jones Memorial Trust	Palace Theatre Charity	Prittlevell Priory Museum Trust	Priory Park Trust	The Shrubbery Trust	Victory Sports Ground Trust	Youth Commemoration Ground Trust	Total Trusts
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	(1,481)	(52)	(53)	(137)	(152)	(46)	(42)	(291)	(2,254)
Expenditure	569	52	102	286	189	8	42	458	1,706
Property, Plant and Equipment	0	23	1,125	545	589	0	10	11,035	13,327
Heritage Assets	1,969	0	0	1,932	0	0	0	0	3,901
Investment Property	0	0	0	0	84	482	0	0	566
Other Current Assets	1,287	131	1	7	1	517	1	3,519	5,464
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(8)
Net Assets	3,255	153	1,125	2,483	673	998	10	14,553	23,250
Usable Reserves	1,287	130	0	551	0	516	0	3,516	6,000
Unusable Reserves	1,969	23	1,125	1,932	674	482	10	11,035	17,250
Total Reserves	3,256	153	1,125	2,483	674	998	10	14,551	23,250

Group Note 3 Intercompany transactions

South Essex Homes Limited

The Council paid fees of £6.898M to South Essex Homes Limited for the management of its housing stock, together with £2.626M in respect of other services.

The Council provides several services for its subsidiary for which South Essex Homes Limited paid £1.081M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Southend Care Limited

The Council paid fees of £9.081M to Southend Care Limited for the provision of adult social care services.

The Council provides several services for its subsidiary for which Southend Care Limited paid £0.050M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Trust Accounts

The Trusts generate little or no income in their own right. As such the Council provides either free services or a direct operating subsidy, by way of a grant. In addition, the Council paid interest on cash balances held. In total the Council supported the operation of the Trusts by £0.944M in 2022/23. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement

All intra company debtor and creditor balances in the individual entities primary statements have been removed from the Group Balance Sheet.

Group Note 4 Property, Plant and Equipment

The Property, Plant and Equipment line of the Group Balance Sheet is materially different from the single entity's Balance Sheet. The categories of asset affected are as follows:

Movements in 2022/23	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2022	286,490	28,165
Additions	6,576	1,609
Revaluations via Revaluation Reserve	10,494	0
Revaluations recognised in the CIES	(5,140)	(431)
Disposals	(433)	(1,320)
Transfers	9,603	0
Gross Book Value as at 31 March 2023	307,590	28,023
Accumulated Depreciation as at 1 April 2022	(6,621)	(12,114)
Depreciation	(4,821)	(4,962)
Written out to Revaluation Reserve	0	0
Written out to the CIES	2	0
On Disposals	10	1,283
On Transfers	206	0
Accumulated Depreciation as at 31 March 2023	(11,224)	(15,793)
Net Book Value as at 31 March 2022	279,869	16,051
Net Book Value as at 31 March 2023	296,366	12,230

Movements in 2021/22	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2021	280,848	23,217
Additions	7,806	5,066
Revaluations via Revaluation Reserve	4,492	0
Revaluations recognised in the CIES	(11,707)	0
Disposals	(6,760)	(118)
Transfers	11,811	0
Gross Book Value as at 31 March 2022	286,490	28,165
Accumulated Depreciation as at 1 April 2021	(12,869)	(8,986)
Depreciation	(4,562)	(3,172)
Written out to Revaluation Reserve	3,406	0
Written out to the CIES	2,817	0
On Disposals	1,448	44
On Transfers	3,139	0
Accumulated Depreciation as at 31 March 2022	(6,621)	(12,114)
Net Book Value as at 31 March 2021	267,979	14,231
Net Book Value as at 31 March 2022	279,869	16,051

Group Note 5 Heritage Assets

The Heritage Assets line of the Group Balance Sheet is significantly different from the single entity's Balance Sheet. The categories of asset affected are as follows:

	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
Movements in 2022/23	£000	£000	£000	£000	£000
Cost or Valuation as at 1 April 2022	28,905	4,846	2,865	1,557	38,173
Additions	2,078	11	0	0	2,089
Revaluations via Revaluation Reserve	0	0	0	0	0
Revaluations recognised in the CIES	(230)	0	0	0	(230)
Gross Book Value as at 31 March 2023	30,753	4,857	2,865	1,557	40,032
Accumulated Depreciation as at 1 April 2022	(1,513)	(1,772)	0	0	(3,285)
Depreciation	(575)	(152)	0	0	(727)
Written out to Revaluation Reserve	0	0	0	0	0
Written out to the CIES	0	0	0	0	0
Accumulated Depreciation as at 31 March 2023	(2,088)	(1,924)	0	0	(4,012)
Net Book Value as at 31 March 2022	27,392	3,074	2,865	1,557	34,888
Net Book Value as at 31 March 2023	28,665	2,933	2,865	1,557	36,020

	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
	£000	£000	£000	£000	£000
Movements in 2021/22					
Cost or Valuation as at 1 April 2021	26,648	5,573	2,865	1,557	36,643
Additions	1,802	67	0	0	1,869
Revaluations via Revaluation Reserve	0	0	0	0	0
Revaluations recognised in the CIES	(339)	0	0	0	(339)
Transfers	794	(794)	0	0	0
Gross Book Value as at 31 March 2022	28,905	4,846	2,865	1,557	38,173
Accumulated Depreciation as at 1 April 2021	(845)	(1,746)	0	0	(2,591)
Depreciation	(544)	(150)	0	0	(694)
Written out to Revaluation Reserve	0	0	0	0	0
Written out to the CIES	0	0	0	0	0
Transfers	(124)	124	0	0	0
Accumulated Depreciation as at 31 March 2022	(1,513)	(1,772)	0	0	(3,285)
Net Book Value as at 31 March 2021	25,803	3,827	2,865	1,557	34,052
Net Book Value as at 31 March 2022	27,392	3,074	2,865	1,557	34,888

Group Note 6 Defined Benefit Pension Schemes

Alongside the Council, South Essex Homes and Southend Care participates in the Local Government Pension Scheme (LGPS) administered by Essex County Council. The nature of the scheme is set out in full in note 37 to the single entity accounts, and this note should be read in conjunction with that. The tables below set out where the Group Accounts are materially different from the single entity balance sheet.

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. The following transactions have been made in the Group Comprehensive Income and Expenditure Statement and the Statement of Funds / General Fund Balance via the Movement in Reserves Statement during the year:

	2022/23	2021/22
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	30,273	34,375
(Gain) / Loss from Settlement	0	(774)
Cost of Curtailments	455	846
Administration Expense	398	310
Financing and Investment Income and Expenditure		
Net Interest Expense	3,094	4,001
Total post-employment benefit charged to the surplus or deficit on the provision of services	34,220	38,758
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	15,534	(47,298)
Other actuarial gains on assets	(11,791)	0
Change in financial assumptions	(338,374)	(39,249)
Change in demographic assumptions	(19,265)	0
Experience (gain)/loss on defined benefit obligation	66,707	2,050
Remeasurements and Other Comprehensive Income and Expenditure	(287,189)	(84,497)
Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement	(252,969)	(45,739)
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code	252,969	45,739
Actual amount charged against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	13,861	12,539

Pension Assets and Liabilities recognised in the Balance Sheet

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

Actuarial Gains/(Losses)	2022/23 £000	2021/22 £000
Present Value of the defined benefit obligation	562,727	818,496
Fair Value of Plan Assets	(703,953)	(692,892)
Net (Asset)/Liability arising from defined benefit obligation	(141,226)	125,604

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2022/23 £000	2021/22 £000
Opening Balance at 1 April	818,496	824,278
Current Service Cost	30,273	34,375
Interest Cost	21,073	15,779
Contributions by Scheme Participants	4,599	4,255
Remeasurement Gains and Losses		
Actuarial gains arising from changes in demographic assumptions	(19,265)	0
Actuarial (gains) / losses arising from changes in financial assumptions	(338,374)	(39,249)
Other	66,707	2,050
Losses on Curtailments	455	846
Benefits Paid	(21,237)	(22,175)
Liabilities extinguished on Settlements	0	(1,663)
Closing Balance at 31 March	562,727	818,496

Reconciliation of fair value of the scheme assets

Local Government Pension Scheme assets

The estimated asset allocation as at 31 March is as follows:

	2022/23	2021/22
	£000	£000
Opening Balance at 1 April	692,892	640,093
Interest Income	17,979	11,778
The return on plan assets, excluding the amount included in the net interest expense	(15,534)	47,298
Other Actuarial Gains	11,791	0
Employer Contributions	13,861	12,539
Contributions by Scheme Participants	4,599	4,255
Benefits Paid	(21,237)	(21,872)
Payment of Bulk Transfer Value	0	(889)
Administrative Expense	(398)	(310)
Closing Balance at 31 March	703,953	692,892

Impact on the Council's Cash Flows

The Group anticipates paying a £13.602M contribution to the scheme in 2023/24.

Group Note 7 Accounts

The financial accounts of South Essex Homes Limited can be obtained from the Chair of the Board, South Essex Homes Limited, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

The financial accounts of Southend Care Limited can be obtained from the Chair of the Board, Southend Care Limited, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

The financial accounts of Porters Place Southend-on-Sea LLP can be obtained from Swan BQ Limited, Sanctuary House, Castle Street, Worcester, WR1 3ZQ.

The financial accounts of the Trusts can be obtained from the Executive Director (Finance and Resources), Southend-on-Sea City Council, PO Box 6, Civic Centre, Victoria Avenue, Southend-on-Sea, Essex, SS2 6ER.

ADDITIONAL FINANCIAL INFORMATION

Members' Allowances (unaudited)

Councillors' Allowances		Basic Allowances	Special Allowances	Travel & Subsistence	Total
		£	£	£	£
Elected Councillors					
Beck	J	8.12	0.00	0.00	8.12
Beggs	B	10,109.52	0.00	0.00	10,109.52
Berry	M	10,109.52	4,818.33	0.00	14,927.85
Borton	M	10,127.26	4,103.80	0.00	14,231.06
Boyd	H	10,127.26	75.51	0.00	10,202.77
Buck	K	10,127.26	1.14	0.00	10,128.40
Buckley	S	10,109.52	0.00	0.00	10,109.52
Burton	L	10,127.26	11,225.64	0.00	21,352.90
Collins	P	10,127.26	11,231.22	0.00	21,358.48
Courtenay	J	10,109.52	6,467.48	0.00	16,577.00
Cowan	D	10,127.26	1.14	0.00	10,128.40
Cowdrey	T	10,109.52	2,525.87	0.00	12,635.39
Cox	T	10,127.26	10,127.26	0.00	20,254.52
Davidson	M	10,127.26	2,530.96	0.00	12,658.22
Dear	A	10,127.26	376.70	0.00	10,503.96
Dent	M	10,127.26	2,525.87	0.00	12,653.13
Evans	K	10,127.26	0.00	0.00	10,127.26
Evans	M	10,127.26	0.00	0.00	10,127.26
Folkard	N	10,127.26	100.15	0.00	10,227.41
Garne	D	1,199.19	0.00	0.00	1,199.19
Garston	D	10,127.26	7,596.03	0.00	17,723.29
George	S	10,127.26	28,049.43	0.00	38,176.69
Gilbert	I	10,127.26	14,564.93	0.00	24,692.19
Habermel	S	10,127.26	3,158.14	0.00	13,285.40
Harland	J	8,998.18	0.00	0.00	8,998.18
Harp	T	1,199.19	28.37	0.00	1,227.56
Hooper	B	10,127.26	0.00	0.00	10,127.26
Hyde	L	8,998.18	0.00	0.00	8,998.18
Jarvis	D	10,127.26	0.00	0.00	10,127.26
Jones	A	10,127.26	2,290.78	0.00	12,418.04
Jones	D	9,974.68	0.00	0.00	9,974.68
Kelly	M	10,127.26	0.00	0.00	10,127.26
Lamb	J	10,127.26	34.06	0.00	10,161.32
Line	A	10,109.52	0.00	0.00	10,109.52
McGlone	D	1,199.19	0.00	0.00	1,199.19
McMullen	R	8,998.18	0.00	0.00	8,998.18
Mitchell	K	10,127.26	10,408.83	0.00	20,536.09
Moring	A	1,199.19	899.93	0.00	2,099.12
Moyies	J	10,109.52	0.00	0.00	10,109.52
Mulroney	C	10,127.26	13,915.84	0.00	24,043.10
Murphy	K	8,998.18	0.00	0.00	8,998.18
Nelson	D	10,127.26	431.21	0.00	10,558.47
Nevin	C	1,199.19	1,313.66	0.00	2,512.85

O'Connor	M	8,998.18	0.00	0.00	8,998.18
Robinson	K	10,127.26	13,738.39	0.00	23,865.65
Sadza	M	8,998.18	0.00	0.00	8,998.18
Salter	L	10,127.26	7,596.03	0.00	17,723.29
Shed	I	10,127.26	0.00	0.00	10,127.26
Stafford	M	10,127.26	2,331.72	0.00	12,458.98
Terry	M	10,127.26	14,260.44	0.00	24,387.70
Thompson	D	9,484.55	5,677.60	0.00	15,162.15
Wakefield	S	10,127.26	11,353.57	0.00	21,480.83
Walker	C	10,127.26	0.00	0.00	10,127.26
Ward	N	10,127.26	10,127.26	0.00	20,254.52
Warren	J	10,109.52	431.21	0.00	10,540.73
Wexham	P	10,127.26	0.00	0.00	10,127.26
Woodley	R	10,127.26	(146.82)	0.00	9,980.44
Co-opted Members					
Collis	J	0.00	52.04	0.00	52.04
Morgan	J	0.00	1,267.06	0.00	1,267.06
Pandya	K	0.00	1,267.07	0.00	1,267.07
Tetley	J	0.00	1,267.06	0.00	1,267.06
Watts	T	0.00	251.42	0.00	251.42
Total		514,782.64	208,276.33	0.00	723,058.97

ABBREVIATIONS and GLOSSARY

Abbreviations

ALMO	Arm's Length Management Organisation
A SELA	Association of South Essex Local Authorities
CIPFA	Chartered Institute of Public Finance and Accountancy
DfE	Department for Education
DSG	Dedicated Schools Grant
HRA	Housing Revenue Account
IFRS	International Financial Reporting Standard
LLP	Limited Liability Partnership
LGPS	Local Government Pension Scheme
MRICS	Member of the Royal Institute of Chartered Surveyors
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NNDR	National Non-Domestic Rates (Business Rates)
NPV	Net Present Value
OFSTED	Office for Standards in Education, Children's Services and Skills
OMV	Open Market Value
PWLB	Public Works Loan Board
REFCUS	Revenue Expenditure Financed From Capital Under Statute
SEH	South Essex Homes Limited
SOLACE	Society of Local Authority Chief Executives
UEL	Useful Economic Life
VAT	Value Added Tax
VFM	Value For Money

Glossary

Accounting Period	The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local Council accounts. The end of the accounting period is the balance sheet date.
Accounting Statements	The Council's Core Financial Statements, Notes and Supplementary Financial Statements.
Accrual	A sum included in the final accounts attributable to the accounting period but for which payment has yet to be made or income received.
Accumulating Absences Account	Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. In local authorities, annual leave, flexitime, and time in lieu would usually be accumulating. Accumulating absences are typically earned by employees as they provide services. The Government has issued regulations which mean that the Council is only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used.
Actuary	A suitably qualified independent consultant employed to advise the Council upon the financial position of the Pension Fund.
Amortisation	Amortisation is the writing down of costs to the Comprehensive Income and Expenditure Statement over a number of years.
Appropriations	Appropriations are the transfer of resources between, to and from the various reserves.
Asset	An item having value measurable in monetary terms. Assets can either be defined as non-current or current. A non-current asset has use and value for more than one year whereas a current asset (e.g. inventory or short-term debtors) can readily be converted into cash.
Audit of Accounts	An independent examination of the Council's accounts to ensure that the relevant legal obligations, accounting standards and codes of practice have been followed.
Balance Sheet	A financial statement that summarises the Council's assets, liabilities, and other balances at the end of the accounting period.
Billing Authority	A local authority such as Southend-on-Sea City Council charged by statute with responsibility for the collection of and accounting for Council Tax and non-domestic rates (NNDR; Business Rates).

Budget	A budget is a financial statement that expresses a Council's service delivery plans and capital investment programmes in monetary terms, covering the financial year.
Budget Requirement	The estimated revenue expenditure on general fund services that needs to be financed from the Council tax after deducting income from fees and charges, certain specific grants, and any funding from reserves.
Capital Charges	A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services, such as depreciation.
Capital Expenditure	(or capital spending) – Section 40 of the Local Government and Housing Act 1989 defines 'expenditure for capital purposes'. This includes spending on the acquisition of assets either directly by the Council or indirectly in the form of grants to other persons or bodies. Expenditure that does not fall within this definition must be charged to a revenue account.
Capital Financing	The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.
Capital Investment Programme	The capital schemes the Council intends to carry out over a specified period.
Capital Receipt	The proceeds from the disposal of land and other assets, so long as the amount is £10,000 or more. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the government. They cannot be used for revenue purposes without Secretary of State approval.
CIPFA	Chartered Institute of Public Finance and Accountancy. The principal accountancy body dealing with local government finance.
Collection Fund	A separate fund maintained by a billing authority that records the expenditure and income relating to Council Tax and non-domestic rates, along with payments to precepting authorities, the national pool of non-domestic rates and its own general fund.
Community Assets	Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions in their disposal. Examples of community assets are parks and historical buildings.
Comprehensive Income and Expenditure Statement	An account which summarises resources generated and consumed in the provision of services.

Consistency	The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.
Contingent Liability	A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Alternatively, a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of that obligation cannot be measured with sufficient reliability.
Council Tax	The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.
Council Tax Benefit	Assistance provided by billing authorities to adults on low incomes to help them pay their Council Tax bill. The cost to authorities of Council Tax benefit is largely met by government grant.
Creditor	Amounts owed by the Council for works done, goods received, or services rendered before the end of the accounting period but for which payments have not been made by the end of that accounting period.
Debtor	Amounts due to the Council for works done, goods received, or services rendered before the end of the accounting period but for which payments have not been received by the end of that accounting period.
Depreciation	The measure of the cost of the benefits of a non-current asset which have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of the asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
Dedicated Schools Grant (DSG)	Grant funding system for schools through specific grant.
Events after the Balance Sheet Date	Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date and the date when the Statement of Accounts is authorised for issue. Also referred to as Post Balance Sheet Events.
Exceptional Items	Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence so that the financial statements give a true and fair view.

External Audit	The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure economy, efficiency, effectiveness and equity in its use of resources.
Finance Lease	A lease which transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee, which is treated in the Government's capital control system as a credit arrangement as if it were like borrowing. The value of the asset is held on the Council's Balance Sheet
Financial Instruments	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
Financial Regulations	A written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative procedures, and budgeting systems.
General Fund	The main revenue fund of a billing Council. Day-to-day spending on services is met from the fund. Spending on the provision of Council Dwellings, however, must be charged to a separate Housing Revenue Account.
Gross Expenditure	The total cost of providing the Council's services before taking into account income from government grants and fees and charges for services.
Housing Benefits	A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central Government.
Housing Revenue Account (HRA)	A separate, statutory account inside the General Fund which includes the expenditure and income arising from the provision of housing accommodation by the Council acting as landlord.
Infrastructure Assets	Non-current assets belonging to the Council which do not necessarily have a resale value (e.g. highways).
Internal Audit	An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates, and reports on the adequacy of internal control as a contribution to the proper, economic, efficient, and effective use of resources.
International Financial Reporting Standard (IFRS)	International Financial Reporting Standards cover particular aspects of accounting practice, and set out the correct accounting treatment, for example, of depreciation. Compliance with these standards is mandatory and any departure from them must be disclosed and explained. The standards originated in the commercial sector and some are not directly relevant to local authority accounts.

Inventory	These comprise one or more of the following categories: goods or other assets purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.
Minimum Revenue Provision (MRP)	This is the amount to be set aside for the repayment of debt. Each local Council has a general duty to make an MRP charge to its revenue account each year, which it considers to be prudent.
National Non-Domestic Rate (NNDR)	A standard rate in the pound set by the Government payable on the assessed rateable value of properties used for business purposes. Also known as Non-Domestic or Business Rates.
Net Expenditure	Gross expenditure less specific service income.
Non-Operational Assets	Fixed assets held by the Council but not directly occupied, used, or consumed in the delivery of services. Examples are investment properties or assets surplus to requirements, pending sale or redevelopment.
Operating Lease	A type of lease, usually of computer equipment, office equipment, furniture, etc. which is like renting and therefore represents a revenue cost. Ownership of the asset remains with the lessor.
Operational Assets	Non-current assets held and occupied, used, or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.
Outturn	Actual income and expenditure in a financial year.
Pension Fund	An employees' pension fund maintained by a Council, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.
Precept	The levy made by Precepting authorities on billing authorities, e.g. Southend-on-Sea City Council. The major precepting authorities are Essex Police and Crime Commissioner and Essex Fire Authority. The Leigh-on-Sea Town Council also raise money by means of a precept on the billing authority.
Public Works Loan Board (PWLB)	A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local authorities can borrow a proportion of their requirements to finance capital spending from this source, subject to them being able to afford the interest and principal repayments.
Provision	An amount set aside for liabilities or losses that are certain to arise but owing to their inherent nature cannot be quantified with absolute certainty.

Prudential Code	The Prudential Code, introduced in April 2004, sets out the arrangements for capital finance in local authorities. It constitutes 'proper accounting practice' and is recognised as such by statute.
Rateable Value	The annual assumed rental value of a property that is used for business purposes.
Revenue Expenditure Financed from Capital under Statute (REFCUS)	Capital expenditure which may be properly treated as such, but which does not result in, or remain matched with, tangible fixed assets. An example of REFCUS would be capital expenditure on improvement grants.
Reserves	The accumulation of surpluses and deficits over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council.
Revenue Support Grant	A grant paid by the Government to Councils, contributing towards the costs of their services, as opposed to specific grants, which may only be used for a specific purpose.
Section 31 Grants	A grant issued by a Minister of State under Section 31 of the Local Government Act 2003.
Specific Grants	The term used to describe all government grants – including supplementary and special grants – to local authorities that are to be used for a particular purpose, as opposed to non-service specific grants such as revenue support grant.
Subjective Analysis	This is an analysis of income or expenditure according to type. Such expenditure headings are wages and salaries, capital charges, building maintenance, consumable materials. On the income side, the examples are government grant, fees, and charges.
Supplementary Financial Statements	Additional financial statements comprising the Housing Revenue Account and Collection Fund. Together with the Core Financial Statements comprise the Council's Accounting Statements.
Temporary Investment	Money invested for a period of less than one year.
Trust Funds	Funds administered by the Council for such purposes as charities and specific projects usually resulting from individual legacies and donations.
Value for Money (VFM)	A term that describes a service or product that demonstrates a good balance between its cost, quality, and usefulness to the customer. A VFM audit considers the economy, efficiency, effectiveness and equity of a Council service, function, or activity.

ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement – 2022/23

Scope Of Responsibility

Southend-on-Sea City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to 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, the Council is responsible for ensuring the proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk, are in place. This responsibility extends to satisfying itself that there are robust governance arrangements between the Council and its subsidiaries.

The Council approved and adopted an updated Local Code of Governance¹ in December 2019, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Council's code is part of the Council's Constitution and is available on the Council's [website](#) or can be obtained from the Corporate Strategy Group, Civic Centre, Victoria Avenue, SS2 6ER. The Council has been implementing new governance arrangements during the past year which will be commented upon below. Full details will be available in a refreshed version of the Local Code of Governance due to be published in the latter part of 2023/34.

This Annual Governance Statement explains how the Council has complied with the Code and meets the requirements of Section 6 of the Accounts and Audit Regulations 2015² in relation to the production and publication of an Annual Governance Statement.

The Purpose Of The Annual Governance Statement

The governance framework comprises the structures, systems, processes, culture, and values, by which the Council is directed and controlled and the activities through which it is accountable 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 services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively, and economically.

The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the annual statement of accounts. Revisions and improvements have been implemented, described throughout the statement, and will form a new Local Code of Governance to be published in 2023/24.

¹ The Local Code is available at www.southend.gov.uk/downloads/file/3928/local-code-of-governance-2019

² The Accounts and Audit Regulations 2015 are available at www.legislation.gov.uk/uksi/2015/234/contents/made

The Council's Governance Framework

The governance framework ensures the Council's ambition and desired outcomes are effectively promoted and progressed through its corporate governance arrangements and business planning processes. The key business process elements of the governance framework are as follows:

Citizens:

- Community participation
- Co-design and production with citizens
- Customer satisfaction
- Consultation and engagement
- Complaints, compliments and comments

Performance:

- Outcome based strategy and business planning
- Decision making / constitution
- Policy framework and procedures
- Performance management, including data quality
- Risk management, whistleblowing
- Business continuity
- Information security
- Contract management
- Project management
- Change / transformation management

Resources:

- Outcome based financial planning and reporting, budgetary control and treasury management
- Commissioning
- Procurement
- Asset Management
- Fraud & Corruption and Insurance
- Value for Money (through the Getting to Know your Business and Transformation Blueprint projects)

People:

- People Vision and Plan 2022-26
- Values and behaviours - codes of conduct for members and staff
- Staff performance management and development
- Health and safety
- Ethical governance

These areas form the main sources of assurance to be considered in any review of the Council's governance arrangements.

The Chief Executive has the responsibility for overseeing the implementation and monitoring of the Local Code of Governance, through a process which includes:

- Regular reports to the Corporate Management Team (CLT) and the Audit Committee which set out:
 - weaknesses identified in the governance arrangements;
 - any corrective action necessary to resolve concerns identified;
- An annual review of the governance framework undertaken by the officer Good Governance Group, and more recently by the officer Governance Board;
- An annual report to the Corporate Leadership Team and the Audit Committee on the adequacy of governance arrangements; and
- A regular review of 'The Local Code of Governance', with any significant amendments reported to the Audit Committee, endorsed by Cabinet and approved by Council.

The Council's key governance and business planning processes are also subject to audit on a risk assessed basis. Such work completed during the year forms part of the evidence in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's system of internal control.

Key elements of the Local Code of Governance are outlined below:

The Council's Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness, ensuring that it is always fit for purpose. Any changes to the Constitution are approved by full Council. Minor changes can also be made to the Constitution by the Chief Executive in consultation with the Group Leaders and the Monitoring Officer.

The Council operates a Leader and Cabinet model of governance, with the Leader (appointed by Full Council for a four-year term) appointing other Councillors to form the Cabinet. During 2022/23 Cabinet had 7 portfolio holders plus the Leader. Cabinet is responsible for the majority of functions of the Council within the budget and policy framework set by full Council. Executive decisions are taken by the Cabinet collectively or by officers acting under delegated powers, depending upon the significance of the decision being made. For urgent issues, a chief officer can take a decision in consultation with the relevant portfolio holder, which will then be reported to the whole Cabinet at the earliest opportunity.

Following the May 2022 election, the Council returned no overall political control and continued to operate a Joint Administration. Led by a Labour Leader, newly appointed in May 2022, the Administration was made up of 16 Labour members, 6 Independent members and 6 Liberal Democrats. The opposition comprised of Conservatives (21 seats) and 2 non-aligned independent members.

Five Special Cabinet meetings took place during 2022/23 increasing the flow of business and support mechanisms around these meetings. The regular occurrence of change and the annual preparation for election periods continues to present challenges and risks to the sustainability of longer-term service and financial planning, these issues were reported in the Local Government Association Corporate Peer Challenge findings in October 2022 (see section below for more detail).

2022/23 also saw changes within the Senior Leadership Team including a new permanent Chief Executive and plans for a reduced number of permanent Executive Directors. The local election in May 2023, returned a result of no overall control. At the Council's AGM on 18th May 2023, the Conservative Group formed a minority administration and appointed 10 Cabinet members (including the Leader).

The Council has three Scrutiny Committees which review and scrutinise proposed decisions in their respective areas of responsibility – People, Place and Policy & Resources. The committees review and scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions. In accordance with the Health and Social Care Act 2012, the People Scrutiny Committee also scrutinises health matters.

During 2022/23, the General Purposes Committee, alongside other councillors developed and agreed new Scrutiny Procedure Rules which will be implemented from May 2023. Changes will enable more effective pre-Cabinet scrutiny system where scrutiny and opposition councillors are given opportunities to contribute to and offer advice on key decisions prior to consideration by Cabinet. This will be achieved by identifying reports through a pre-published Forward Plan.

The Council has a Standards Committee to promote and maintain high ethical standards of conduct for elected and co-opted committee members. A key role of the Committee is to help oversee the councillors' Code of Conduct and to monitor the effectiveness of the councillors' Code of Conduct. The Standards Committee also deals with formal complaints against councillors.

The Council has begun to operate a development and training programme for councillors to help support them in their strategic roles. This bespoke offer has been designed with councillors to support robust and effective decision making within a strong governance framework and will enhance councillors' aim for high performing and professional relationships.

The implementation of the 'Work Smart' hybrid framework, enabled by the Digital Smart Strategy and Facilities Management Strategy, and is facilitating more responsive, efficient, and effective ways of working. The model defines two types of working practices, incorporating a flexible mix of remote and in-office working making the location of where employees work, within reason, a choice.

Service Plans have been introduced from April 2023, these set out service area objectives, how services will contribute to the delivery of the corporate plan, and how success will be measured. The purpose of these plans is to provide robust management of service areas. They will help services to plan, organise and increase coordination and consistency across the Council and provide the organisation with the information and assurances required for good governance. Service plans will sit underneath the Council's corporate plan and form a key component of the golden thread approach (linking individual performance to service tactics and organisational strategy).

Annual performance and development conversations are held with employees to review their performance and agreed goals. These are aligned to the service plan and corporate plan priorities, performance development and career progression. This includes leadership capabilities. It is expected that all employees have a minimum of 4 or a maximum of 8 SMART goals. All budget holders must include the 'knowing your business' goal as one of their 8 goals. As part of the Council's response to the recommendation from the LGA Peer Challenge, the Council is enhancing the system by which the completion rates of conversations are monitored.

A local authority has a duty to ensure that it is fulfilling its responsibility for adequate and effective risk management, control, and governance. To this end, the Council has in place an Audit Committee. The Audit Committee has a key role in overseeing and assessing the risk management, control, and corporate governance arrangements and advising the Council on the adequacy and effectiveness of these arrangements.

The Council's major policy objectives and priorities are outlined in the 'Southend Corporate Plan 2022 - 2026', which provides the Council's focus for the next four years. The Plan translates ambitions set out in Southend 2050, the long-term vision for Southend-on-Sea, into medium-term priorities. The corporate plan details how employees and councillors will work with residents and partners to deliver strategic priorities. Reports outlining progress against key areas of delivery (Corporate Performance Report) are reviewed by the Corporate Leadership Team, Cabinet and Scrutiny Committees.

Regular integrated financial monitoring reports covering both revenue and capital projects are produced that provide analysis and explanations of any significant variances from approved budgets. The Investment Board has a particular focus on capital expenditure and reviews and challenges business cases.

The Council operates a five-year capital investment programme, with the application of a 'gateway review' process, enabling items on a reserved list to be subject to further and proportionate consideration before being included in the programme. This, among other things, enables consideration of levels of required resourcing to be applied to projects, both in terms of affordability and the capacity of the organisation to deliver them, and in alignment with the priorities outlined in the Corporate Plan.

The Council is undertaking a capital programme review process to consider what schemes should stop, pause or defer. Progress updates of the review were included in the Period 4, Period 6 and Period 8 financial performance reports to September, November, and January Cabinet respectively.

Four rounds of capital challenge sessions were also held with the Cabinet Member for Asset Management and Inward Investment: In August sessions relating to the strategic schemes, in early October sessions relating to all schemes, in early December sessions targeted on the key areas where further progress needed to be made and in late April sessions looking at the outturn position and any budget re-profiles to re-prioritise and re-align the programme. During the LGA Corporate Peer Challenge the peer team were impressed with the Council's current approach to the management and review of its capital programme.

A forecast outturn for the year is also developed and considered by Cabinet and the Scrutiny Committees. A five-year Medium Term Financial Plan is refreshed annually and shaped by the priorities agreed by the Council. The Council has also developed a Financial Sustainability Strategy providing a 10-year horizon. The Council's annual budget process is subject to engagement, consultation, and scrutiny by all interested stakeholders. Formal public Scrutiny Committees take place at the end of January, prior to consideration by Cabinet and decision by full Council on the overall budget package in February. This enables a robust, costed, and balanced, budget to be set. The overall budget development and approval arrangements complies with good practice and helps to ensure that the Council remains financially resilient.

The Corporate Risk Register is reviewed regularly by the Corporate Leadership Team, and by the Cabinet every six months. Project risk and departmental risk registers are reviewed by service area management teams.

The Council engages with its communities within a consultation, engagement and participation framework that increasingly harnesses co-design, co-production, and asset-based community development principles, with outputs integrated into business planning and delivery as is the case with the Health and Wellbeing Panel, the development of Adult Social Care Strategies and Tackling Poverty Strategy. Co-production activity through a test and learn approach continues to be evaluated by the Adults and Communities Senior Management Team and supported by Working Together for Change, an organisation working alongside councils and health organisations to improve citizen led change to public services. The Council will continue this relationship into 2023 with the development of the Autism and Neurodivergent Strategy.

The Council has a Health and Safety Policy, with an accompanying assurance mechanism and action plan that is reviewed quarterly by the Corporate Leadership Team and Divisional Management Teams via the Governance Board and newly formed SCC Health and Safety Group. This approach has recently been refreshed to support the learning from the pandemic and to assist the Council in maintaining Level 5 (out of 5) diamond award on the RoSPA (Royal Society for the Prevention of Accidents) Quality Safety Award assessment.

A complaints procedure and a whistleblowing policy are maintained and kept under review to enable issues to be raised by public, staff, councillors, and co-opted Members, when they feel appropriate standards have not been met. A report analysing complaints, comments and compliments is submitted to Cabinet and Council annually.

Role of the Chief Financial Officer

The Chief Financial Officer (CFO) occupies a key position in managing the Council's finances and ensuring that resources are used wisely to secure positive results and desired outcomes. To support the post holder in the fulfilment of their duties, and ensure the Council has access to effective financial advice, in 2016 the Chartered Institute of Public Finance Accountants (CIPFA) issued an updated statement on the Role of the Chief Financial Officer in Local Government. The statement:

- Sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role; and
- Includes five key principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them.

These principles are:

- The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest;
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and aligned with the authority's overall financial strategy;

- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively;
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose; and
- The CFO in a local authority must be professionally qualified and suitably experienced.

The Council has the necessary arrangements and procedures in place which ensure that these principles are complied with. This is through a combination of direct compliance by the CFO and, where not directly complied with, ensuring there are alternative procedures in place to make sure that the necessary outcomes and objectives are still achieved, and suitable controls are in place. For example, this may include deputising arrangements and delegated authority for financial management in the clearance of relevant reports to councillors.

The Chief Finance Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting In The United Kingdom. Due to the resourcing and capacity challenges that external auditors have experienced over the last 18 months, the independent external audit of the 2020/21 Statement of Accounts was completed in April 2023, and the external audit of the 2021/22 Statement of Accounts has not yet been finalised. Whilst this is not a reflection on the effectiveness of the Council's governance arrangements or on the quality of the draft Statement of Accounts, it does mean that the Council and its partners and stakeholders do not yet have the assurances they seek from a fully audited and unqualified signed set of accounts for 2021/22. Also, during 2023/24 the Council's finance team will now have to manage the finalisation of the independent external audit for both the 2021/22 and 2022/23 financial years. Discussions for planning this programme of activity are ongoing with the external audit teams, as new external auditors have been appointed to deliver the audit of the 2023/24 statement of accounts.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by; the work of the Senior Leadership Group, work undertaken by the Good Governance Group (moving to a new officer Governance Board in March 2023), the Head of Internal Audit's annual report, and by comments made by external auditors and other external agencies and inspectorates. The Council has also undertaken an evidenced based self-assessment against each of the 17 standards contained within the CIPFA Financial Management Code (see section below).

The year 2022/23 has seen the Council undertake several landmark internal activities including, delivery of a new Corporate Plan and implementation of Service Planning, the appointment of a new permanent Chief Executive, as well as responding to a Local Government Association (LGA) Corporate Peer Challenge. The backdrop to which has seen the Council's services step up to respond to residents who have been facing the cost-of-living crisis. This significant increased demand for support at a time of inflationary cost pressures across all service areas has resulted in staff pressures and difficult budget decisions. Following the declaration of a cost-of-living emergency, the Council set up a councillor and officer working party to deliver a suit of bespoke activity. This was alongside the development and publication of a partnership co-produced 'Tackling Poverty Strategy 2023 to 2026'. The latter part of the year has seen the Council embark

on a wholesale review of its operating model and service standards so that it can continue to balance its budget and meet the needs of its residents and communities.

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Internal activity

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The councillor development programme, co-designed with councillors, equips them with the skills and knowledge they need to be an effective 21st century councillor. A number of activities have been progressed to include improvements to the dedicated councillor support hub (to improve handling of councillor enquiries); an improved induction programme; improvements to councillor's ICT requirements; more political awareness training for officers; a buddy system where senior officers support all newly elected councillors, and opportunities for better understanding respective roles and how these can be mutually supportive. These measures aim to support effective working relationships between councillors and officers and this work continues to be reviewed and enhanced for ongoing effectiveness.

Eleven reports were called-in from the Cabinet or referred directly for scrutiny by the People Scrutiny Committee. Thirty-seven reports were called-in or referred to the Place Scrutiny Committee for review and twenty-nine reports were called-in or referred directly to the Policy and Resources Scrutiny Committee.

An in-depth scrutiny project on behalf of the People Scrutiny Committee for 2022/23 covered the topic 'Providing First-Class Services for Families of Children with Special Educational Needs and Disabilities.' The project for the Policy and Resources Scrutiny Committee was 'Developing Strong Governance at Southend-on-Sea City Council: Strengthening Joint Working Between Councillors and Officers.' The in-depth Scrutiny Project for Place Scrutiny Committee was 'Preparing Southend for the EV Revolution'.

The Service Design Team support the Council by facilitating the planning and co-ordination of the Transformation Blueprint work. The next stage, starting in summer 2023, will see a rapid 14-week investigation and planning period and includes the review and future state design of 51 service areas within the organisation. The outcome will create implementation plans for change. After this period, the change programme will be delivered over the coming months and years.

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In addition, the Service Design Team have facilitated the implementation of the transition/ learning and development programme to support the new customer support service embed within the organisation.

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The development of options for a Project Management Office (PMO) has been scoped by the Service Design Team to support the wider Transformation Blueprint work. These plans have been developed and presented to the Corporate Leadership Team. Principles underpinning the PMO include enhancing and cascading current skill capacity across the Council. The functions of the PMO will cover: Programme and Project Management, Standards & Guidance, Business

Management & Learning & Development. This will be central to the wider change programme within the Council and will be operational in summer 2023.

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Mandatory e-learning for both data protection and cyber security is an annual event and was undertaken by staff and councillors, supplemented by alternative tailored training for those for who using an e-learning platform might not be appropriate. To support this learning, a number of email phishing exercises were undertaken to test the awareness and effectiveness of the training.

The Council's approach to cyber security is aligned to best practices and frameworks and is audited. Improvements in maturity are regularly self-assessed. A cyber security audit was completed and highlighted no high risk findings. A new approach to own device usage was trialled in ICT and across Digital Champions and will now be rolled out across all users. The Council's cyber security strategy will continue to increase maturity of understanding both within ICT, across officer teams and councillors.

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Officer governance arrangements have continued to evolve, including in the introduction of four new boards to enable better focus on thematic issues and oversight functions. These include a new Governance Board, Performance Board, Strategy, Policy & Legislation Board and Transformation Board.

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The Governance Board ensures that the Council has a robust method of scrutiny and appraisal to ensure delivery of the Council's Corporate Plan. The Board will act as a single point of assurance on governance within the Council. The Board advises the Corporate Leadership Team, General Purposes Committee and Cabinet on the adequacy of the governance arrangements and proposes areas for improvement. The Board reviews reports on Internal Audit, Risk & Governance, External Audit, Health and Safety, Business Continuity and other relevant documents. The Board is responsible for:

- Recommending changes to the Constitution
- Reviewing significant changes to governance policies
- Regularly reviewing governance structures
- Reporting on significant governance improvements and weaknesses to the General Purposes Committee
- Reviewing the Annual Governance Statement
- Ensuring the Council practices and embeds good governance in line with the Constitution and supporting policies and procedures
- Ensuring good practice of inclusive decision making through Data Protection Impact Assessments (DPIA) and Equality Analysis (EA).
- Overseeing development and implementation of key governance training and materials pertinent to running the Council effectively
- Reviewing reports about Internal Audit, Risk & Governance, External Audit and other relevant inspectorates
- Monitoring improvement plans and reporting to the Audit Committee

- Reviewing Ombudsman reports
- Reviewing the Council's Health & Safety compliance

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The Performance Board ensures that the Council has a robust method of scrutiny and appraisal to ensure delivery of the Council's Corporate Plan. The Board advises the Corporate Leadership Team, Audit Committee and Cabinet on the performance arrangements and performance against the delivery of the Council's corporate priorities. The Board reviews reports from Corporate Strategy, Finance, HR, and Customer Support. The Performance Board is responsible for:

- Reviewing performance reporting against the delivery of the Council's Corporate Plan
- Reporting progress and key concerns to members
- Reviewing Council's statistical performance in Customer Support
- Oversight of implementation of the recommendations from the LGA Corporate Peer Challenge
- Providing the Corporate Leadership Team with a monthly highlight report.

The Strategy, Policy and Legislation Board will map all of the Council's policies and strategies, identifying gaps and allocating responsibility as required for updating existing policies or strategies or creating new ones. The Board is responsible for:

- Oversight of the development of the Council's Corporate Plan
- Reviewing all Council policies and strategies as and when required
- Allocating responsibility where policies and strategies require amendments.
- Identify all forthcoming consultations (legislation and guidance) concerning the Council and identifying responsibility for responding.
- Reviewing all new proposed policies and strategies prior to submission for decision

The Transformation Board will drive transformation aligned with strategic goals to enable the council to be modern and financially sustainable. The Board will continue to develop its measurable outcomes.

- Delivery of the transformation blueprint per the agreed project/programme plans and deliverables;
- Delivery of both the tactical and strategic workstreams;
- Achieving the savings stated in the GT blueprint- roughly £11.5 million each for the two workstreams;
- Achieving other savings identified;
- Delivery of the transformation recommendations from the LGA Corporate Peer Challenge;
- Ensuring the transformation programme is compliant with the Equalities Act and Data Protection Act and other relevant legislation.

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A review of the Council's Constitution commenced in March 2021. Bevan Brittan solicitors were commissioned to carry out an initial review and reflect upon where the Constitution may be

improved to better reflect how the Council wishes to operate. Following this review, the General Purposes Committee agreed to provide all councillors with the opportunity to engage in conversations supported by the Centre for Governance and Scrutiny (CfGS) about which aspects of the Constitution may be changed. The CfGS met with each party group, including non-aligned councillors, to discuss the working practices of the Constitution, providing learning and best practice from elsewhere, prior to facilitating cross party workshops in order to establish consensus on changes. Following the CfGS findings, the General Purposes Committee have designed and implemented new pre-decision scrutiny rules. The new process will provide councillors with greater oversight of planned work and provide an opportunity to collaborate on key decisions ahead of Cabinet. This new process will commence in May 2023 and will enable both councillors and officers to gain more certainty about the timing of decisions as they progress through the governance process.

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The coming year expects the General Purposes Committee to lead changes to the Council's delegation's framework.

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External facing activity

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The Council continue to work with partners in a number of ways. Following the allocation of UK Shared Prosperity Funds (UKSPF) in August 2022 the Council prepared an Investment Plan to secure the £1.3 million which it had provisionally been awarded. Following confirmation of funding in December 2022 the Council issued an open call for prospective projects to bid for funding for 2022/23 and 2023/24. The government directed priority themes (support to local entrepreneurial ecosystems and volunteering or social action) along with required outputs and outcomes was published on the Council's webpages. A media campaign also raised awareness. The Council used a proportion of the available capacity funding to engage consultants who provided independent analysis and scoring of the bids. The Council also recruited an Assessment Panel made up of local partners representing various groups in Southend who made the final decision on which bids should receive funding. Panel members included representatives from the Department of Work and Pensions, Citizens Advice, Southend Business Partnership, Essex Constabulary, Brentwood Council and local charities and community groups. To maintain independence and transparency in the process, an internal 'firewall' was established within the Council. This meant that those bidding from within the Council were not involved or privy to the process of assessment and decision making.

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Funding was awarded to nine projects, and they are now in delivery and are submitting quarterly monitoring reports. A further call for projects will be conducted in Autumn 2023 to award the 2024/25 allocation.

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From April 2022, the Health Protection Board had a wider remit to include all health hazards and infectious diseases, as well as screening and immunisation. In May 2022, the equivalent member led Oversight and Outbreak Board decided to retain its existence and continued to support the

Health Protection Board, under the new name of the Health Protection, Oversight and Engagement Board. Both of these Boards are accountable to the Southend Health and Wellbeing Board. In addition, the Council holds a seat on, and regularly engages with, the new Integrated Health Board.

Following the establishment of Porters Place Southend-on-Sea LLP as the joint venture partnership with Swan Housing Association, to progress the Better Queensway regeneration project in April 2019, the joint venture secured hybrid planning consent in March 2021 and has subsequently submitted a reserved matters application for the first phase of development. Through SELEP £4.2 million Get Building Fund was also secured to add to the £15 million Housing Infrastructure Fund previously secured from Homes England.

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The impact of the pandemic and subsequent economic turmoil has resulted in Swan Housing Association merging with Sanctuary Housing Association, with Swan becoming a subsidiary of Sanctuary from February 2023. The business combination means that Swan Housing remains the council's partner in the LLP but that it has greater business and financial strength as a subsidiary of Sanctuary, a much larger and more robust housing association. Swan Housing Association completed its merger with Sanctuary Group at the end of November 2022. Sanctuary is completing its due diligence around the whole of the Swan Group of companies and all development ventures including Better Queensway. This due diligence will inform Sanctuary's ongoing involvement in the Better Queensway development.

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The Council has set December 2023 as the deadline for receipt of the revised business plan for Better Queensway. Based on informal discussions with Swan/Sanctuary the revised business plan is expected to be made available for Council review over the summer.

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Vecteo, originally a joint venture company between Southend-on-Sea City Council and London Hire Community Services, was transferred back into full Council ownership in May 2023, following challenges encountered with service delivery and financial sustainability. The service significantly improved during the year and the company is continuing to work to further improve the arrangements, deliver increased consistency in the quality of service provided and value for money to the Council. Changes made to the Directors on the Board have increased the operational and financial management, and the Council and the company are working together to bring the service onto a sustainable operational and financial footing.

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The Council's Waste Management contract has gone out to procurement in 2022/23 and is due to conclude in the next few months. A competitive dialogue process will allow the Council to work with the market to secure the best solution from both a financial and environmental perspective and thus deliver best value for taxpayers. Dialogue sessions have commenced with bidders.

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The Council continued to be an active partner to the South East Local Enterprise Partnership (SELEP), with the Council represented by the Deputy Leader at the main (Strategic) Board and

Accountability Board, and by the Portfolio Holder or Deputy Leader at the South Essex sub-board “Opportunity South Essex”. The Council has funding from SELEP for which it is accountable.

In addition, the Council continued to act as the accountable body for a number of externally funded projects operating across Southend, South Essex and the wider South East. These include;

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- the South East Business Boost (SEBB) European Regional Development Fund programme (although funding for this has now come to an end),
- the Enterprise Advisor Network provision in Southend (funded by SELEP) Business Essex Southend & Thurrock (BEST) Growth Hub and which
- the Construction Industry Training Board funded South Essex Construction Training Academy (SECTA).

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Following an LGA Remote Peer Support of how the Council and partners can more effectively support 18–25-year-olds in the city (in October 2020), the Council revised the governance arrangements for Southend Adult Community College (SACC). A shadow internal board was established at the start of 2021 and went live in April 2021 when the Governing Body held its last meeting. An external Advisory Board was recruited and subsequently reviewed and disbanded. Updated governance arrangements have been put in place. The governance group meets monthly and will undertake regular reviews to check its effectiveness.

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New developments for Ipeco, Costa, the Launchpad and Quad have been completed at the Airport Business Park Southend. The next phase of Ipeco development and new development for CAMA Assetstore will be on site in 2023. The Airport Business Park Southend Management Company manages the common parts of the estate, the service charge and reports into Shareholder Board.

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The cross-party Shareholder Board, formed to oversee the governance of the Council’s companies and joint ventures, chaired by the Leader and reporting to Cabinet, continued to meet. It received reports of all the Council’s companies and joint ventures, including the accounts and business plans of South Essex Homes; Southend-on-Sea Forum Management Ltd (a zero-profit joint venture between the University of Essex, the Council and South Essex College set up to manage the property of The Forum); PSP Southend LLP, a joint venture company for property development; Southend Care; Porters Place Southend LLP, joint venture formed to regenerate the Queensway estate; LHCS and Southend Travel Partnership Ltd (Vecteo); and, Airport Business Park Southend Management Company Ltd.

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The past year has seen the Council deepen its involvement in regional activity and partnerships. This includes exploring opportunities for local government devolution (as described in the Government’s February 2022 Levelling Up white paper), as well as, continuing to support the Joint Committee and work programmes of the Association of South Essex Authorities (ASELA).

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The latter has seen the Council support a resource review, including taking a leading role in the Digital workstream, as well as, performing the Committee’s secretariat and taking on the Accountable Body function. As a means of scrutiny, the Council will continue to submit the minutes of the Joint Committee to the People and Resources Scrutiny Committee.

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Devolution conversations have seen Thurrock, Essex County and Southend-on-Sea City Councils working together to understand how devolution might benefit the region. An Expression of Interest was submitted to government in March 2023, outlining an ambitious package of policy aspirations across the Greater Essex area. Working alongside the two upper tier authorities, districts, and key partners (including the Police, Fire and Crime Commissioners office and Local Enterprise Partnership), Southend-on-Sea officers are leading activity to scope potential governance structures. Councillors have been engaged in cross party briefings and a working party to learn more about this work and understand the potential benefits and implications for Southend. Discussions and negotiations with government are expected to take place over the summer before key decisions are presented to the councils for a decision and public consultation.

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Financial management

The Council undertook a self-assessment against the six core principles and 17 standards contained within **CIPFA’s Financial Management Code**. Officers reviewed the evidence of the Council’s current arrangements compared to the Code’s expectations and expressed their degree of confidence about how well these arrangements met the Code’s expectations, using the RAG rating:

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Red	Not compliant
Amber	Compliant but with scope for further improvement
Green	Compliant

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The findings, reported to Audit Committee in April 2022, and followed up in November 2022 and April 2023, reported that the Council is self-assessed as achieving overall compliance with the expectations of the FM Code. The Council meets the minimum expectations for all 17 standards, with good compliance for 14 standards and demonstrable compliance, but with recognised scope for further improvement, for the three remaining standards.

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2022/23 has again been an incredibly challenging year, with the Council now having to deal with significant increases in service demand post the COVID-19 pandemic combined with unavoidable rapid increases in operating costs across almost every aspect of the organisation. This has had a substantial impact on the Council’s approved financial plans for 2022/23 and the challenge of delivering a balanced financial outturn for 2022/23 has been significant. Nearly all the financial pressures that the Council is now experiencing have been caused by external factors where the

Council has no influence or control, and that have happened at great pace, since the Council's 2022/23 budget was approved in February 2022. Despite the financial challenges arising from the continuing national and local conditions, increasing cost and demand pressures, inflation and supply chain issues, the Council has managed its resources for 2022/23 within the approved budget with the use of some of its reserves that had been set aside for that purpose.

Significantly, the current financial landscape and operating environment for the Council remain extremely challenging and uncertain. While the Council remains financially resilient from the immediate range of local demand and spending pressures, the Council is currently predicting a cumulative budget gap of £29.8m to the end of 2027/28 (Council Budget Report February 2023) that must be addressed. Along with most local authorities, the Council continues to deal with the challenges of uncertainty, financial pressures, service demands and concerns for residents and local area. Coping with the aftermath of the pandemic has been exacerbated and made much more complex by the implications of the events in Ukraine and an unprecedented rise in energy and other prices. This has had a major financial impact on the Council's approved financial plans for 2022/23 and on its forecast for future years.

A new Transformational Blueprint was agreed as part of the Council's overall budget package which looks to provide a roadmap and framework for building a council that is fit for the future. The overall net cost reduction required to bridge the medium to long term deficit by 2027/28 requires a programme of work that not only supports the development of net cost reduction and transformation opportunities at a service level, but that also considers how these opportunities can be integrated into a renewed, sustainable, operating model. This will support the Council's future financial sustainability; help target resources and re-design plans to avoid a financial 'cliff edge' that would then need drastic action over a short time frame.

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Other measures to support a drive towards financial sustainability and shape priority focus include: on-going budget reviews; better linking of business planning and budgeting to service outcomes; effective and creative management of service demand; review of major contractual arrangements; further implementation of the Commissioning Framework; exploring new commercial opportunities; a range of income generation initiatives and continuing to enhance systems, processes and internal business transformation arrangements.

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The Council's 'Getting to Know Your Business' programme for service managers continued to be embedded in 2022/23 and will be essential in assessing the new operating environment, financial challenges, and value for money of services. The ambition is that all service managers in the Council will have a comprehensive understanding of their business areas in terms of their benchmarked operational and financial performance, key demand and cost drivers, income levels, commercial opportunities, value for money and customer insight.

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This programme, together with a comprehensive 'strategic-fit' review against the Southend 2050 ambition, new Corporate Plan, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for local residents influenced the development of the investments, savings, income generation proposals and level of council tax agreed for 2023/24.

External challenge/inspection

In October 2022, the Council invited LGA peers to conduct a Corporate Peer Challenge (CPC), to provide an external assessment of its progress, and an opportunity for improvement lead review of the key challenges faced by the Council. The CPC considered questions from 5 core components: Local priorities and outcomes, Organisational and place leadership, Governance and Culture, Financial planning and management, Capacity for improvement.

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The peer challenge was not an inspection, but improvement focussed. The CPC was designed to complement and add value to the Council's own performance and improvement plans. The peer team used their experience and knowledge of local government to reflect on the information presented to them by the people they met, things they saw and material they read. Preparation for the Challenge included reviewing a range of documents to ensure the peers were familiar with the Council and the challenges it is facing. The team then spent four days at the Civic Centre, during which they: Gathered information and views from more than 51 meetings, in addition to further research and reading; Spoke to more than 160 people including a range of council staff together with councillors and external stakeholders; and Observed four council meetings (two in person and two on-line).

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The feedback highlights a range of positive findings. The peers found that the Council was very self-aware, has huge potential and that there are many positive attributes and assets both within the Council and city, including the strong community ethos, ambitious regeneration projects and sound financial management. However, peers found that the approach to leadership, governance and decision making is impacting the council's capacity to progress. As a result, nine recommendations were made, many of which relate to the theme of governance and decision making. They are as follows:

- completing the review of the Council's Constitution,
- develop more effective councillor and officer working relationships,
- consider changing the election cycle,
- re-engage partners,
- align priorities to resources and capacity,
- better communicate difficult decisions,
- modernise operating systems,
- develop a plan to tackle spatial inequalities and disparities across the city,
- continue to engage in regional activity, such as Association of South Essex Local Authorities.

Cabinet accepted the peer's findings and recommendations and in response worked with the Senior Leadership Group to develop an Action Plan which begins to identify activity to enable the Council to take steps towards improving the issues identified. The Action Plan will be overseen by a cross party working party and further developed in collaboration with councillors. Key areas of activity are already in motion, and the LGA has endorsed their progression. These include continuing with the review of the constitution, continuing work to improve behaviours, reviewing

the Council's operating model and ability to prioritise, and continuing to engage in region wide discussions. Peers will return to the Council to review progress against the Action Plan and support the Council to further embed its learning.

Ofsted and the Care Quality Commission (CQC) visited the Council area to inspect the local arrangements for children and young people with special educational needs and disabilities (SEND) between 2nd and 10th March 2023.

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Southend is the fourth area to be inspected under the new framework, which came into effect earlier this year, its intention is to provide an independent, external evaluation of the effectiveness of the local area partnership's arrangements for children and young people with SEND. There were five inspectors, including the lead inspector in the inspection team.

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Under this new inspection framework, the team undertook deep dives into specific cases, meeting with the children and their parent / carers, looked at responses to three separate questionnaires; one for children and young people, one for parent / carers and one for practitioners; and looked at a range of documents and information requested and submitted in advance of the inspection. The findings have not yet been published.

Internal Audit

The annual risk-based Audit Plan was prepared in consultation with Directors, the Deputy Chief Executive, and the Chief Executive. It was developed by the Head of Internal Audit and approved by the Audit Committee. Terms of Reference and reports for specific audits are discussed with relevant Directors, Deputy Chief Executive, or the Chief Executive before being finalised, with the recommended actions required to mitigate risks summarised in an action plan.

Internal Audit revisits action plans where the report found either Partial or Minimal assurance. These actions are retested, and the result of this work is reported to management and the Audit Committee as part of the Quarterly Performance Report.

Draft Head of Internal Audit Opinion for the year ended 31 March 2023

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. Such arrangements can take many forms and still be effective. Assurance is then required that these processes are fit for purpose and being applied throughout the organisation.

During 2022/23 the Council continued to be challenged by the external environment that it operates within, particularly in respect of the wider economic situation, with the impact of inflation, including the cost of energy, creating additional financial pressures for the Council, residents, the supply chain, and other stakeholders, as well as the wider impacts of the fallout from the Covid-19 pandemic. Significant changes that have occurred to the operations of the Council are becoming embedded, including many staff working remotely and the changes implemented to enable that remote working. These changes enabled the Council to deliver what was required in response to the pandemic, and similar focus now needs to be applied to the financial challenges that the

Council is facing, so that the Council can address the medium-term budget gap that has arisen and bring the Council back into a financially sustainable position.

The Council continued to build on the work that had been undertaken to create the shared ambition for the borough, now City, and desired outcomes for its residents, visitors, students, and other stakeholders, through the adoption of a new Corporate Plan that aims to provide the necessary focus on the priorities for the Council, so that the Council's resources can be applied to the delivery of those priorities. Updates have been made to refresh the outcomes being sought and their delivery arrangements to ensure that these remain appropriate given the changed context and circumstances being encountered.

The Transformation Blueprint has been developed with external support to provide the focus that will be necessary to make the further changes that are required to transform the culture and the way that the Council operates, so that the Council shifts to a culture, a focus, a structure, and ways of working that are most appropriate, effective and financially sustainable to deliver the priority outcomes in the changed circumstances that the Council is now facing.

Management needs to continue to monitor both the actual and potential impact of these pressures, the progress against delivery of the Transformation Blueprint and programme to drive change that arises, as well as delivery of the Corporate Plan. Management and councillors need to be ready to adjust, if necessary, as the situation continues to evolve and the understanding of the impact on future needs and priorities becomes clearer.

There is much to do, and the Council is working to deliver and meet these multiple challenges. As a result, there continues to be updates made to way the Council is operating. The governance arrangements have been reworked during the year and need to become effective and embedded to provide the framework that will drive the delivery of what is required to address the multiple challenges faced. The Transformation Blueprint and change programme will review ways of working, and therefore there is a need for changes arising to have the opportunity to be established and embedded before assurance can be provided that they are working effectively as intended. Management continues to work in the context of ongoing change and challenges arising from the external environment, which makes it difficult to achieve a period of stability that would assist with implementing and embedding revised arrangements.

With regards to the assurance provided by audit work undertaken in these areas, the results of the work indicate that the design of the Council's risk management can be provided with satisfactory assurance, although the Risk Management Policy Statement and Strategy that has been reviewed and refreshed needs to be formally adopted, but partial assurance in respect of operation, as there is a need for further embedding of the arrangements within the services so that there is increased understanding of the need to capture the conversations about risk that are happening, to provide increased visibility, transparency and accountability for decision making around the risks below those on the corporate risk register. This has been partly addressed moving forward through the re-introduction of Service Plans for 2023/24.

The design and operation of internal control can be provided with satisfactory assurance, but issues have been highlighted in respect of the governance framework as operated for the year indicating that this requires the changes that have been introduced during the year to become effective and embedded before it can be considered to be satisfactory overall, therefore partial assurance is provided for the year. Work to further improve the governance framework and

arrangements is being undertaken, as reflected in the Annual Governance Statement action plan, and will be reported to Members later in the year.

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The basis for forming this opinion is an assessment of:

- the design and operation of the underpinning governance and assurance framework
- the range of individual opinions arising from risk based and other audit assignments that have been reported during the year, taking into account the relative significance of these areas
- whether management properly implement actions arising from audit work completed, to mitigate identified control risks within reasonable timescales
- observations from advisory and support work undertaken
- changes to the Council's Ambition, management structure and use of technology
- assurance from other providers including independent regulators and peer reviews
- the quality and performance of the Internal Audit service and the extent of compliance with the Public Sector Internal Audit Standards.

The Head of Internal Audit has not reviewed all risks and assurances relating to the Council's activities in coming to this opinion.

Compliance with Professional Standards, Head of Internal Audit Opinion.

I can confirm that I have maintained an appropriate Quality and Improvement Programme (QAIP) during the year for the in-house team and work undertaken by contractors when being managed by the in-house team. As required by the Standards, this consisted of:

- on-going supervision and review of individual audit assignments completed by in-house staff or contractors working to in-house staff
- reporting on a limited set of performance targets to the Audit Committee (for all work done including that of external suppliers)
- reviewing the independent external assessment of compliance with the Standards which is required at least every five years and updating for the position for this year.

I have received assurance from external suppliers used that where they have undertaken work using their own audit approach, that are also compliant with the Standards.

Issues for the Annual Governance Statement

No issues have come to internal audit's attention this year, other than those already disclosed, that we believe need including in the Council's Annual Governance Statement.

External Inspections and Assessments

Assurance over the control environment is also obtained from external inspections and assessments of service areas. External assessments for 2022/23 included:

- LGA Corporate Peer Challenge – October 2022 – as outlined above.
- SEND Area Inspection – March 2022 – as outlined above.
- **Schools** - There were 11 full Ofsted school inspections (plus 1 monitoring visit) completed during the financial year 2022/23. The overall position at April 2023 therefore was:
 - Primary schools: 5 outstanding, 26 good, 21 requires improvement, 1 Inadequate.
 - Secondary Schools: 5 outstanding, 5 good, 2 inadequate.
 - Special schools: 1 outstanding, 3 good, 1 requires improvement.
 - Pupil Referral Unit/alternative provision: 1 good, 1 requires improvement.

This means that 88.46% of children were attending good or outstanding schools as of April 2023.
- **Adult Social care ratings:**
 - Nursing homes: 2 outstanding, 8 good, 3 requires improvement and 1 inadequate.
 - Residential homes: 2 outstanding, 51 good, 10 requires improvement, 2 inadequate.
 - Domiciliary care agencies: 4 outstanding; 33 good; 6 requires improvement; 1 inadequate.

Conclusion

We have been advised on the result of the review of effectiveness of the governance framework by the Audit Committee and, although the arrangements fundamentally achieve their aims and meet the needs of the Council, it is recognised that there is scope for further development to ensure these are as effective as possible. Work is underway to make the necessary improvements.

Actions to be specifically addressed are outlined below.

Further Actions to strengthen the Council's Governance Arrangements for 2023/24

No.	Area	Action	Date of Implementation	Responsible Officer
1.	Governance and operating model	To progress the recommendations from the LGA CPC to continue with the review of constitution, consider changing to an all-out election cycle and modernise operating systems with particular focus on those that will support application of the governance framework.	March 2024	Director of Legal Services Director of Digital Enablement Executive Director Strategy & Change
2.	Risk management	To complete the implementation of the Risk Management Policy Statement and Strategy and then to build on and embed the risk management arrangements that support the delivery of the Council's Corporate Plan and Service Plans.	March 2024	Head of Internal Audit and Counter Fraud
3.	Transformation and financial sustainability	To proceed with the Transformation Blueprint and develop a programme of work that will revise the Council's operating model, structure and focus to deliver a modern and financially sustainable Council.	March 2024	Director of Transformation

Significant Governance Issues

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 improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed on Behalf of the Council

**Rob Polkinghorne
Chief Executive &
Town Clerk
19 July 2023**

**Councillor Tony Cox
Leader of the Council
19 July 2023**

Council Governance Actions – 2022/23 – Progress

	Governance Issue	Action	Responsible Officer	Comment on Progress
1.	Governance Framework	<p>To complete the review currently being undertaken to address the need to update and strengthen the governance arrangements and processes that underpin how the Council works.</p> <p>To engage with the LGA through the planned Corporate Peer Challenge and gain their insight into the planned work and how best to embed.</p>	Interim Executive Director - Strategy, Change and Governance - Stephen Meah-Sims	<p>The Centre for Governance and Scrutiny concluded their review into the Constitution and made several recommendations. A plan to address these is progressing with changing being implemented from April 2023.</p> <p>Officer governance processes saw a refresh of reports and guidance as well as the introduction of officer Boards.</p> <p>The LGA completed their Corporate Peer Challenge in October 2022 and made several recommendations. Cabinet accepted the LGA's findings and work is underway to implement improvements and learning.</p>
2.	Risk Management	To complete the review currently being undertaken of the Risk Management Policy Statement and Strategy and then to update and embed the risk management arrangements that support the delivery of the Council's ambition and outcomes.	Head of Internal Audit and Counter Fraud - Andrew Barnes	<p>An updated Risk Management and Policy Statement has been prepared, but still needs to be formally approved as part of an updated Local Code of Governance.</p> <p>Risk management training has been delivered to the Senior Leadership Group, and increased identification and recording of risks to meeting objectives has been undertaken and captured in the Service Plans for 2023/24.</p>

	Governance Issue	Action	Responsible Officer	Comment on Progress
3.	Contract Management	To enhance the Council's approach to contract management through development of a bespoke contract and relationship management system, providing updates and reminders, the returns of quarterly KPI data and a data repository and audit tool for contract management of our most strategic contracts.	Head of Procurement – Lee White	The Electronic Contract Management System (ECMS) has been in place since the autumn of 2022, with training commenced on the system for a number of Level 1 contract managers (those managing the most strategic contracts at SCC). The next stage will see all contract managers for Level 1 contracts actively using the system by the end of 2023 and a number of those who attended the initial training and development of the system are already using the ECMS and are finding it extremely beneficial. It provides a system for all the data, reminders and also a full audit trail of how the contracts have progressed, are being managed and sets reminders for suppliers to update annual requirements such as insurances, accounts and reports. Contract Managers have also been provided with a Contract Management Manual and suite of tools to support them in their day to day management of contracts. Free Contract Management (CM) training is also now available for free through the Council's partnership with central government (Foundation Certification and also access to the CM Pioneer Programme).

	Governance Issue	Action	Responsible Officer	Comment on Progress
4.	Project Management	To embed a new Programme Management Officer (PMO) operating model which will provide greater understanding of the capabilities required for strategy materialisation and project success. This will be achieved through greater coordination across priority areas including the governance and assurances processes required.	Interim Executive Director - Strategy, Change and Governance - Stephen Meah-Sims	PMO plans have been developed and presented to the Corporate Leadership Team. Principles underpinning the PMO include enhancing and cascading current skill capacity across the Council. The functions of the PMO will cover: Programme and Project Management, Standards & Guidance, Business Management & Learning & Development. This will be central to the wider change programme within the Council and will be in operational in summer 2023.

