

Statement of Accounts 2021/22



SOUTHEND-ON-SEA CITY COUNCIL*

STATEMENT OF ACCOUNTS

2021/22

MAYOR

Councillor Stephen Habermel

LEADER OF THE COUNCIL

Councillor Tony Cox

CHIEF EXECUTIVE AND TOWN CLERK

Rob Tinlin

EXECUTIVE DIRECTOR – FINANCE AND RESOURCES

Joe Chesterton

* Southend-on-Sea Borough Council became Southend-on-Sea City Council on 1 March 2022

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INTRODUCTION TO THE 2021/22 ACCOUNTS

Narrative Statement

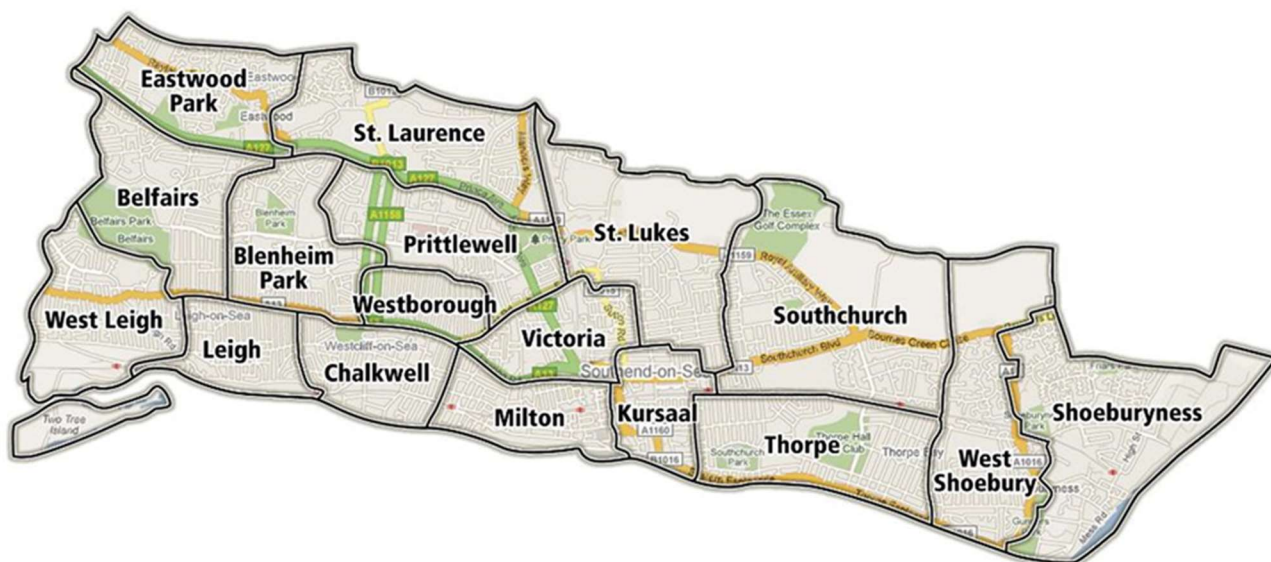
Welcome to the Narrative Statement for the Statement of Accounts for Southend-on-Sea City Council for the financial year 2021/22.

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 2022. The accounts are subject to an external independent audit by Deloitte LLP and their opinion forms part of this document.

Background

On 18 October 2021, the Prime Minister announced that Her Majesty the Queen would grant Southend-on-Sea City Status as a tribute to Sir David Amess, MP for Southend West, who was tragically murdered in 2021. We officially became a city on the 1st of March 2022, with a royal visit from Their Royal Highnesses, The Prince of Wales and the Duchess of Cornwall. 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 nearly 181,000 residents in around 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).

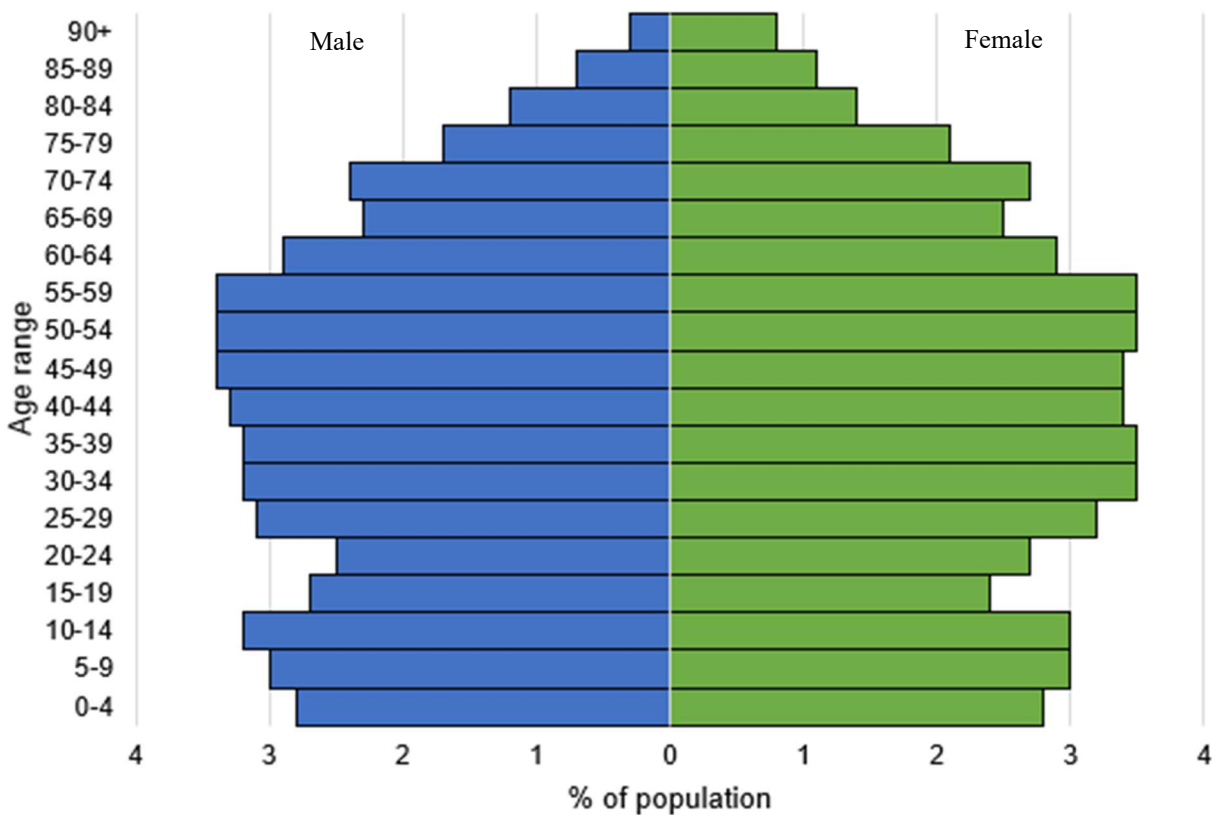
The Council's financial turnover for 2021/22 is circa £440m (£430m in 2020/21) and our resources are well-managed through our budgetary and financial monitoring framework. The graphic below represents the geographical area that is served by Southend-on-Sea City Council. The place is made up of mainly residential areas but also some industrial, commercial, retail land and property, and 529.9 hectares of protected greenspace.



The Census 2021 results show that from 2011 to 2021 there has 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 population pyramid (*Figure 1*) shows the percentage of the population in different age range groups in Southend-on-Sea. On Census Day the age structure of Southend-on-Sea's population was as follows: 19.1% aged 65 years and over; 63% aged 15 to 64 years; and 17.8% aged under 15 years.

Figure 1 Population Pyramid (2021)



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 2021/22, 19.5% of Southend's residents were economically inactive (16.5% in 2020/21).

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 2022 is summarised in Table 1.

Table 1 Southend-on-Sea City Council's political make-up on 31 March 2022

Political Party	Number of Councillors
Conservative	23
Labour	13
Independent	7
Liberal Democrat	5
Unaligned Independent	3
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; 13 Labour, 7 Independents, and 5 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 2022.

As a result of the local elections held on 5 May 2022, the composition of local councillors has changed (Table 2) but the joint administration remains in overall control.

Table 2 Southend-on-Sea City Council's political make-up since 6 May 2022

Political Party	Number of Councillors
Conservative	21
Labour	16
Independent	6
Liberal Democrat	6
Unaligned Independent	2
Total	51

The joint administration for 2022/23 has continued and is now currently made up of councillors from the following political parties; Labour -16, Independent - 6, and Liberal Democrat - 6.

Management Structure

Supporting the work of all elected Members are the Council's most senior level officers. A new professional executive leadership team was assembled in 2019/20 and as at 31 March 2022, this team comprised of the following officers shown in Table 3.

Table 3 Southend-on-Sea City Council's Senior Officers on 31 March 2022

Position	Name	Notes
Chief Executive and Town Clerk	Andrew Lewis	1
Deputy Chief Executive and Executive Director (Finance and Resources)	Joe Chesterton	
Executive Director (Growth and Housing)	Alan Richards (Interim)	
Executive Director (Adults and Communities)	Tandra Forster	2
Executive Director (Children and Public Health)	Michael Marks	
Executive Director (Neighbourhoods and Environment)	Anna Eastgate	3
Executive Director (Transformation)	Stephen Meah-Sims (Interim)	4
Executive Director (Legal and Democratic Services)	John Williams	4

Note 1 - Rob Polkinghorne was appointed as our new Chief Executive with effect from 25 October 2022. Following a change of the political leadership of the Council, Rob Polkinghorne agreed to step down and Rob Tinlin was appointed as interim Chief Executive from 25 July 2023.

Note 2 – Tandra Forster left the Authority on 29 August 2022. Terry Dafter was the Interim Executive Director (Adults and Communities) until 6 March 2023, when the permanent Executive Director (Adults and Communities), Mark Harvey started in the role.

Note 3 – Anna Eastgate left the Authority on 17 July 2022. John Burr was the Interim Executive Director (Neighbourhoods and Environment) until 22 June 2023, when those areas of responsibility were taken on by Alan Richards as the Interim Executive Director (Environment and Place). Alan Richards became the permanent Executive Director (Environment and Place) on 4 September 2023.

Note 4 – Stephen Meah-Sims became interim Executive Director (Strategy, Change and Governance) on 1 April 2022 after the retirement of John Williams as per the [proposed changes to the Senior Management Structure](#) of the Council which were reported to Cabinet on 15 June 2021¹. Stephen Meah-Sims left the Authority on 7 July 2023. Claire Shuter joined the Authority on 18 September 2023 as the new Executive Director (Strategy and Change).

Unprecedented Challenges Continue

The year 2020/21 was dominated by the COVID-19 pandemic, which had a fundamental impact on the day-to-day life of everyone, our national policies and governance, public services and finances of all local authorities. The Council's civil contingency arrangements were put into effect in the run up to the first national lockdown on 23 March 2020 and have continually been adapted over the last 2 years, aligning closely to Government requirements and the collective response of the Essex Resilience Forum (ERF). The Council's Gold command and Silver tactical groups, along with collaborative working with partners, oversaw an unprecedented

¹ <https://democracy.southend.gov.uk/documents/s44579/Report%20of%20Chief%20Executive.pdf>

mobilisation of Council, partner and community resources to help respond to the initial crisis in 2020/21 and continued to provide leadership and targeted support as requirements and local needs changed during 2021/22.

The Council is very proud of its response and continued support, working collaboratively with our residents, businesses and partners has saved lives, alleviated a breakdown of health services and supported the most vulnerable in our community. Excellent relationships and work with partners from areas, including health, community safety, education, voluntary sector, business, local authority, civil service and others has been key to our successful response and to providing ongoing support and advice. This has strengthened relationships and will enhance future partnership working.

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 local residents within the level of resources it has at its disposal. As reported throughout 2021/22² the direct operational service arrangements of the Council and its partners continued to be severely impacted by the COVID-19 pandemic. Despite these challenges the Council remained financially resilient and responded proactively to support local communities throughout 2021/22.

The direct operational impact of the pandemic on the Council did begin to ease during the last quarter of 2021/22. Effectively coping with the aftermath of the pandemic has been exacerbated and made much more complex by the implications of the horrific events in Ukraine and an unprecedented rise in energy prices. This has contributed to monthly general inflationary increases at a level not seen since the 1970s. The rate of general inflation ranged between 7.8% and 9.6% during 2022/23. This has and will continue to have a huge financial impact on the Council's financial plans for 2022/23 onwards and critically create genuine 'cost of living' challenges for many of our local residents.

² <https://democracy.southend.gov.uk/documents/s46234/Report%20of%20Exec%20Director%20Finance%20and%20Resources.pdf>
<https://democracy.southend.gov.uk/documents/s46234/Report%20of%20Exec%20Director%20Finance%20and%20Resources.pdf>
<https://democracy.southend.gov.uk/documents/s48335/Report%20of%20Deputy%20CE%20and%20Exec%20Director%20Finance%20and%20Resources.pdf>

COVID-19 Updated Financial Impact

The pandemic continued to have a huge direct operational and financial impact right across the country and the Local Government Sector, particularly during the early part of 2021/22. Most upper tier local authorities continued to struggle with the challenges of uncertainty, financial pressures, operational logistics and concerns for their residents and local areas in such unprecedented times. The effectiveness of the national vaccination programme had a real positive impact on controlling the spread of the virus in 2021/22 and booster programmes continued to be delivered on a targeted basis across the population.

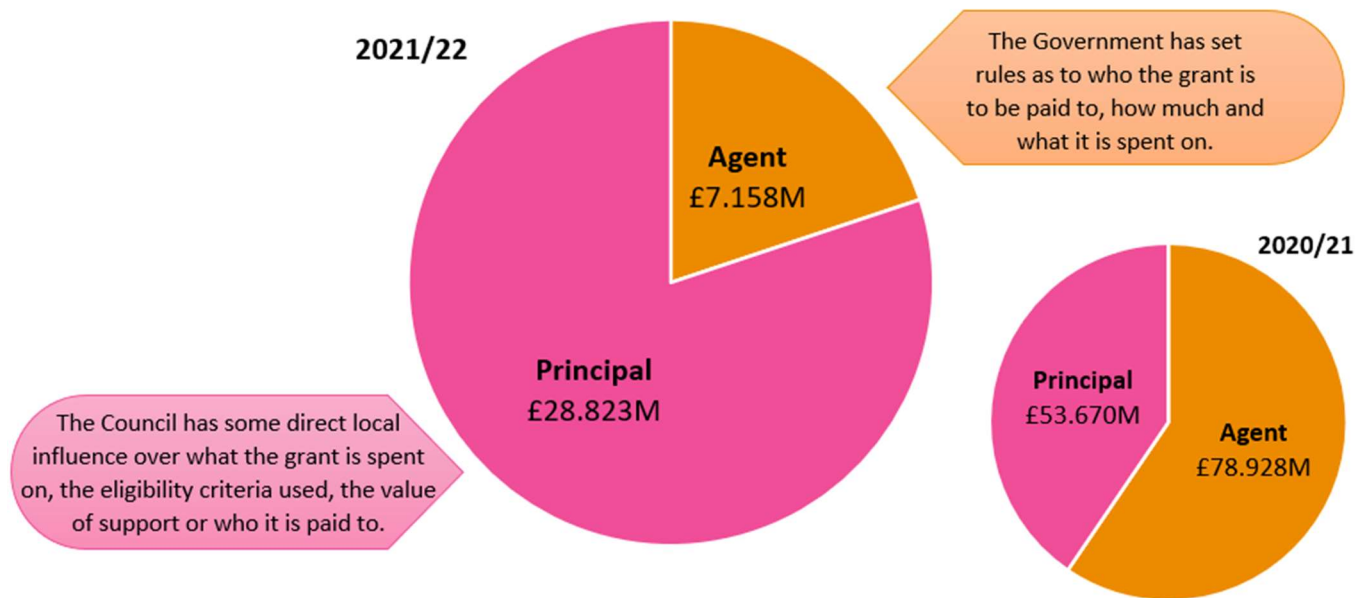
Clearly challenges remained as the country and the rest of the world monitored mutations of the virus and considered how best to get used to 'living with COVID-19' at that time and in the future. Within this context, major national policy and funding responses from Central Government in relation to the pandemic were extended into 2021/22.

The range, volume and value of different targeted financial support packages issued throughout 2020/21, continued but at a lower level into 2021/22. Regular announcements containing a varied range of funding/grant support to be either passported on to local eligible businesses and residents or to be used directly by the Council to support our local response to the pandemic also continued. The total level of financial support allocated to Southend-on-Sea from Central Government for 2020/21 totalled around **£135 million**, which included £32 million of financial support that was defrayed in 2021/22. This was supplemented by a further **£36 million** in 2021/22 (see Figure 2 below). This combined total of circa **£171 million** is on a scale unprecedented in the history of Government funding support for Local Authorities. The terms and conditions attached to some of these grant support mechanisms were sometimes issued late or retrospectively, which is perhaps understandable given the scale and urgency to provide additional funding to local areas at such pace.

The Government also extended other financial support arrangements for Local Authorities such as the Income Guarantee Scheme to help with the impact of reduced levels of collection of council tax and business rates. A compensation scheme for sales, fees and charges continued to try to help to partly offset significant reductions in other local authority income streams. Finally, additional financial support was issued to help local authorities cope with a range of additional administrative new burdens associated with assessing and issuing funding to eligible businesses and residents where appropriate.

Our Revenues and Benefits teams have passported on a significant range of financial support to eligible businesses in the form of Business Rates grants, Local Restrictions Support grants and a plethora of different types of Rating Relief Discounts. To put the scale of the extra administrative burden into context around **72,000** extra applications for support from local businesses and residents have been processed over the last 2 years. Many more have also had to be reviewed to assess eligibility. The scale and governance of this overall level of additional financial support to the Council and the associated administration and reconciliation of various grant claims to Central Government have been finalised as part of the year-end closure programme for 2021/22.

Figure 2 COVID-19 related funding received in 2021/22



Depending on whether the Council has some direct local influence and depending on the nature of the funding received, these amounts have been included in the following Statement of Accounts in accordance with the accounting Code of Practice for Councils.

Several additional grant awards continued to be made to the Council in 2021/22 to support the ongoing local response to the pandemic, some were un-ringfenced such as the Local Authority Support Grant, but most contained specific requirements that focussed on targeted activities and sectors to support Government policy intentions at a local level. Several different returns to Government have also been required and regularly submitted for a number of these new grant funding streams. This was designed to ensure a regular flow of information back to Government to assess the local impact and effectiveness of the funding provided.

The operating landscape continues to be uncertain as the medium to long term implications on demand and service delivery during the transition from responding to the impact of the pandemic and moving towards building and enabling a successful recovery are difficult to assess. Our immediate responsive financial strategy has therefore been made a lot more difficult to design because of this added complexity and uncertainty. The situation continued to be closely monitored and appropriate tactics were deployed to support local businesses and communities wherever possible throughout 2022/23. The Council maintained a strong financial grip on operations throughout the pandemic and has remained financially secure and resilient. The challenges that were faced in 2022/23 were even more significant due to the combination of major increases in core service demand and huge increases in inflationary cost pressures that were beginning to be experienced right across the Council towards the end of 2021/22.

Southend 2050 Ambition and Updated Outcomes

Southend 2050 is the city's shared ambition for the future. It was developed in 2018 following extensive conversations with people who live, work, visit, do business and study in Southend-on-Sea. These conversations asked people what they thought Southend-on-Sea should be like in 2050 and what steps are needed now and in the coming years to help achieve this.

The pandemic has made the Southend 2050 ambition more challenging, but it remains achievable. It will need all elements of our community to work together to make it a reality. We will also need our neighbouring boroughs and Central Government to play their part.

The Southend 2050 ambition has 21 outcomes, which fit into six themes.

These themes (summarised in *Figure 3*) provided a framework for our response to the pandemic and continue to inform our approach to helping local economic recovery.

Figure 3 Southend 2050 Themes



For more information and insight into the Council's approach and roadmap for delivery see the [Southend 2050](#)³ pages on our website. Building on this ambition a new Corporate Plan is under development that will bring a key focus to our priorities and activities over the medium term for 2023/24.

Financial and Performance Overview 2021/22

The General Fund Revenue Account for 2021/22 had a net portfolio expenditure budget of £123.091M (gross expenditure £323.424M; gross income £200.333M). 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 £88.1m for 2021/22 (£84.8m for 2020/21).

The Delivery of Southend 2050 Outcomes and Priorities: Annual Report and Provisional Resources Outturn 2021/22 was reported to Cabinet on 14th June 2022 and the full report is available [here](#)⁴.

This report summarised the Council's achievements, successes and challenges within the 2021/22 Annual Report and provided a comprehensive analysis of the provisional financial performance for the General Fund, Housing Revenue Account (HRA) and Capital Investment Programme. Despite the huge challenges caused by the local impact of the pandemic, 2021/22 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.

A summary of our achievements in 2021/22 includes:

- completing construction on the Council's first ever zero carbon affordable homes at Saxon Gardens, Shoeburyness, using modern methods of construction to help reduce carbon emissions.
- growing our pier visitor numbers, with record-breaking visitor numbers in the summer and the best January, February and March attendance figures since records began 15 years ago.
- Brook Meadows House opening in Westcliff-on-Sea to provide integrated care services to those living with dementia and complex needs. Services include rehabilitation support

³ <https://www.southend.gov.uk/southend-2050-7>

⁴ <https://democracy.southend.gov.uk/documents/s50777/Report%20of%20Exec%20Director%20Finance%20and%20Resources.pdf>

for adults discharged from hospital, the Viking Day Service for adults with learning disabilities, and Making It Work supported employment service.

- enabling 18 rough sleepers to move into housing, by completing the purchase of 18 properties for the Rough Sleepers Accommodation Programme, with all 18 let to former rough sleepers.
- being awarded Purple Flag accreditation for the ninth consecutive year, highlighting our night-time economy as safe, diverse, entertaining and enjoyable.
- securing 19 providers and 20 venues in Southend-on-Sea for the Holiday Activities and Food programme, which reached 1,130 children during the summer.
- supporting Afghan and Ukrainian families to move safely into accommodation, ensuring they are able to access local services, and are warmly welcomed into our community.
- securing funding for the Focal Point Gallery from Creative Estuary for the commission of a new major public artwork to welcome visitors and residents to the city.
- completing the main works for the £8 million essential highway maintenance on the A127 and Bell junction, helping to reduce congestion, enhance pedestrian crossing facilities and improve air quality in the area.
- increasing connectivity in the city through Southend-on-Sea's £30 million full fibre upgrade, which is being delivered in partnership with digital infrastructure programme CityFibre, with over 55% of the city now having access to gigabit broadband.

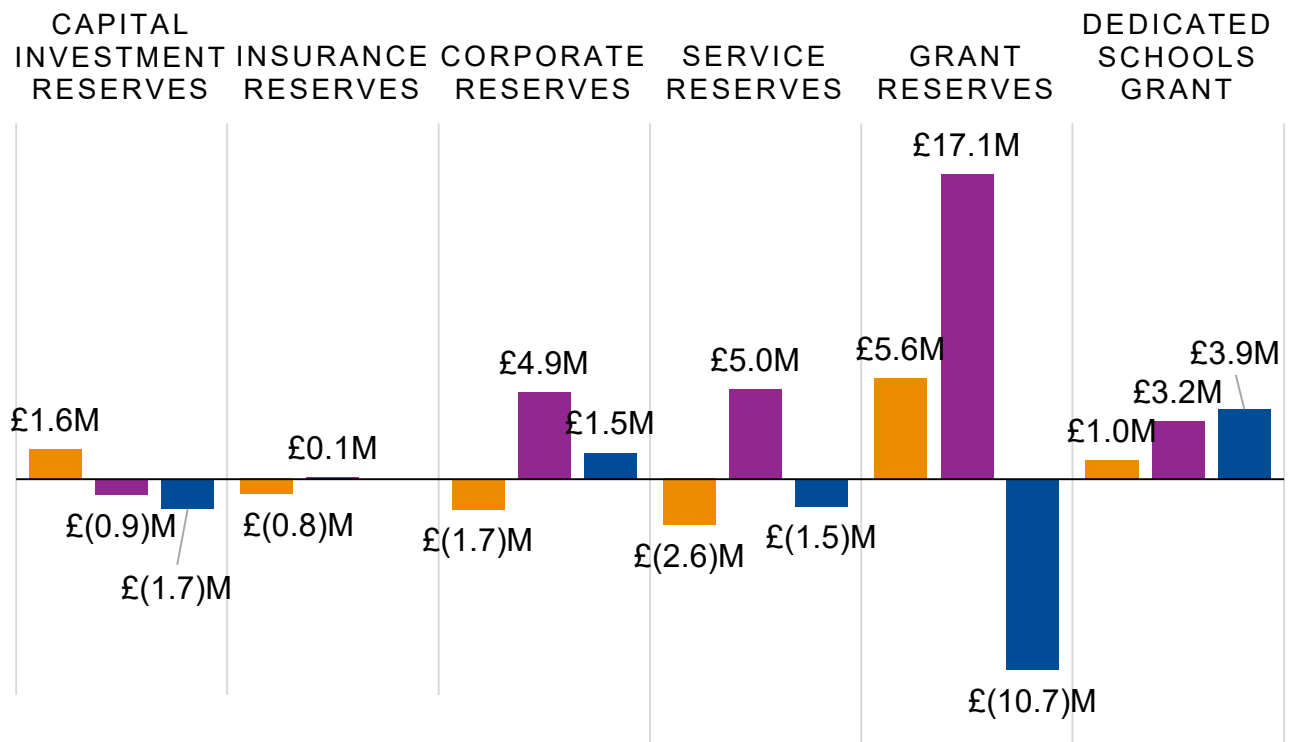
2021/22 has again been an incredibly challenging and unpredictable year, initially due to the continued impact of the pandemic and then during the last quarter of the year – the events in Ukraine and the first signs of rampant inflationary pressures. Here in Southend-on-Sea, the scale of the local financial impact on both expenditure and income expectations again led to major variations from our original approved plans for 2021/22 and the actual profile of spending was different to what we would expect to see in a normal year. The Council, along with the rest of the public sector, has also continued to receive high levels of additional funding support from Central Government to try to mitigate the financial impact of the pandemic. This contributed to both the abnormal pattern of spending and volatility in our cashflow position throughout the year.

Additional technical compliance requirements and accounting arrangements introduced for the Local Government Sector in 2020/21 have continued into 2021/22. This has been necessary to reflect the additional funding received but also to account appropriately for the different types of support that Central Government has provided. The area of largest change in financial terms has been the relationship between the Council's Collection Fund (which is used to record the transactions and cashflows relating to Business Rates and Council Tax receipts) and the General Fund (which in simple terms records all income and expenditure relating to services).

Given the size and complexity of the Council's operations and the volatility caused by COVID-19 there are 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 considerations, bad and doubtful debts and other challenges particularly around the 'cost of living' crisis that became more pronounced by the end of the financial year.

To illustrate the volatility that the pandemic has caused the following diagram (Figure 4) compares the contributions to/from earmarked reserves which took place at year end in 2021/22 with 2020/21 and 2019/20.

Figure 4 Year End Contributions to / (from) reserves



These contributions to / (from) reserves are shown in note 20 in the Statement of Accounts 2021/22. There was no change in the insurance reserves during 2020/21 or 2021/22.

The overall net impact on the General Fund Revenue Budget for 2021/22 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 underspend of £0.347M (£0.033M underspend for 2020/21). This has been appropriated to the Business Transformation earmarked reserve to support the future re-design of services programme.

The Housing Revenue Account (HRA) reported an overall in-year surplus in 2021/22 of £0.187M (£2.731M surplus for 2020/21). In February 2021 it was forecasted that HRA resources would be used to support an ambitious acquisitions and new build programme (£8.334M) to create more affordable homes for the 2021/22 financial year. This was planned to be financed from a forecast in-year surplus of £4.062M and a draw down from reserves of £4.272M. Given prevailing economic and market conditions and the resulting supply chain issues and buoyant housing market, it has not been possible to deliver the acquisitions or construction programmes to the level that was planned. Reduced expenditure has meant that the actual in-year surplus of £3.312M is sufficient to fund the required revenue contribution to the capital programme of £3.125M, leaving an overall surplus for the year of £0.187M.

Another major concern around COVID-19 was the impact on income collection levels and potential difficulties for tenants paying their rent and service charges due to changing circumstances. This was mitigated by proactive working with tenants by South Essex Homes. The surplus for the year has been appropriated to the Capital Investment Reserve to enable plans to deliver more affordable homes in 2022/23 and to provide further investment into the overall Council's housing stock to continue to create better conditions and environments for local tenants. The delivery of affordable homes during 2022/23 was via the Council's housing acquisitions and new build programmes.

The level of earmarked reserves held by Southend City Council (including maintained schools) as at 31 March 2022 is £131.594M (£140.115M at 31 March 2021) (see note 20 in the Statement of Accounts 2021/22). The decrease in reserves is linked directly to the accounting arrangements for Section 31 grants due to COVID-19. The total level of other earmarked reserves has increased in total for 2021/22 which demonstrates the financial strength and resilience of the Organisation and places it in a robust position to continue to navigate the ongoing challenges of supporting our local area's recovery from COVID-19 and to cope with the ongoing expected increases in demand and complexity for critical services in the future.

Revenue Outturn 2021/22

The final revenue outturn position for 2021/22 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, Minimum Revenue Provision (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 2021/22 for the General Fund and highlights the scale of spending variations. A reduction of £2.479M 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 £4.166M received for non-service specific grants relates to the extra Government support received for COVID-19. Careful consideration has also been given to ensure that the Council prepares appropriately for the ongoing impact of global events and our local economic recovery aspirations in 2022/23 and the future.

Table 4 Revenue Outturn 2021/22

	2021/22 Budget £000s	2021/22 Actual £000s	2021/22 Variance £000s
Portfolios			
<i>Leader: Economic Recovery & Regeneration</i>	9,364	11,532	2,168
<i>Deputy Leader: Transport, Asset Management & Inward Investment</i>	542	3,222	2,680
<i>Adult Social Care & Health Integration</i>	40,624	39,080	(1,544)
<i>Children and Learning</i>	27,858	29,424	1,566
<i>Communities & Housing</i>	2,921	2,135	(786)
<i>Corporate Services & Performance Delivery</i>	18,257	17,817	(440)
<i>Environment, Culture, Tourism & Planning</i>	8,428	9,740	1,312
<i>Public Protection</i>	14,097	15,229	1,132
<i>Housing Revenue Account</i>	(6,050)	(8,369)	(2,319)
<i>Corporate Budgets</i>	5,012	4,311	(701)
Net Controllable Cost of Portfolios	121,053	124,121	3,068
<i>Statutory Adjustments</i>	0	3,945	3,945
Adjusted Net Controllable Cost of Portfolios	121,053	128,066	7,013
<i>Levies</i>	645	634	(11)
<i>Leigh Town Council Precept</i>	443	443	0
<i>Financing Costs, Interest, etc.</i>	20,641	20,906	265
Net Operating Expenditure	142,782	150,049	7,267
<i>Revenue Contribution to Capital</i>	6,088	3,609	(2,479)
<i>Non Service Specific Grants</i>	(7,735)	(11,901)	(4,166)
<i>Contribution to / (from) Earmarked Reserves</i>	(7,140)	(8,358)	(1,218)
Total to be Funded from Council Tax and Formula Grant	133,995	133,399	(596)
<i>Funded from</i>			
<i>Revenue Support Grant</i>	(6,082)	(6,055)	27
<i>Retained Business Rates</i>	(35,589)	(37,068)	(1,479)
<i>Collection Fund Surplus and Reserves</i>	(1,500)	(1,500)	0
<i>Planned Contributions from Reserves</i>	(2,500)	0	2,500
<i>Council Tax (Southend-on-Sea Borough Council and Leigh Town Council)</i>	(88,324)	(88,776)	(452)
Total Funding	(133,995)	(133,399)	596
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 2021/22 to the outturn summary in Table 4.

Table 5 Reconciliation of Gross Expenditure to Transfer to General Fund

	2021/22 £000s
<i>Gross Expenditure on Services</i>	456,717
<i>Gross Income on Services</i>	(438,269)
<i>Net Cost of Services</i>	18,448
<i>Adjustments between accounting basis and funding basis under regulation</i>	(9,927)
<i>Transfers from Earmarked Reserves and HRA</i>	(8,521)*
<i>Contribution (to) / from General Reserve</i>	0

* This figure includes the movement in schools balances of £0.163M.

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

The Council has spent £456.429M to deliver services funded by £456.429M of income in 2021/22. The following charts show how the money was funded in 2021/22 and how it was spent.

Figure 5 Revenue Income (Funding Sources) 2021/22

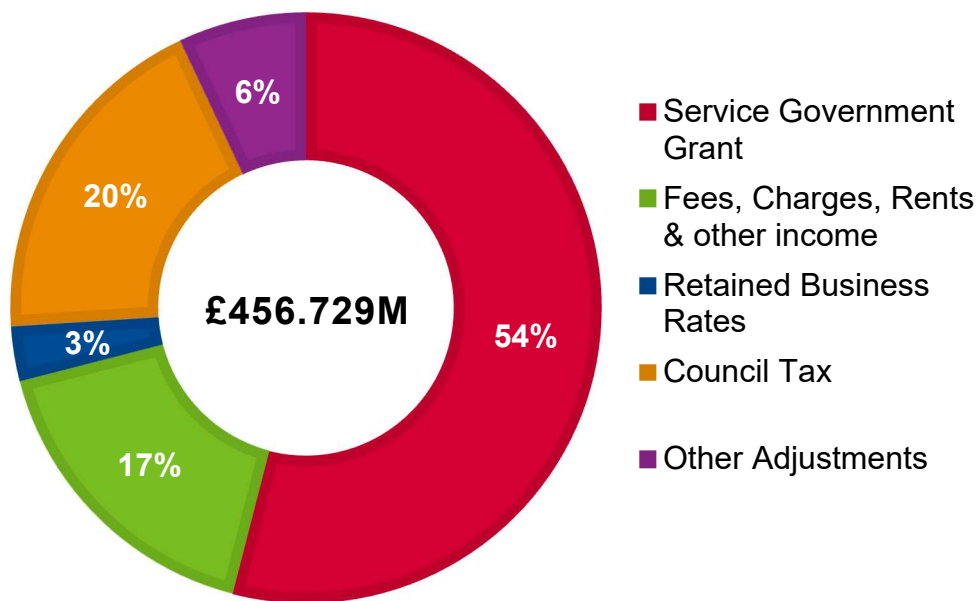


Figure 5 sets out how gross expenditure is funded. The largest source of income is government grants (see Note 18 in the Statement of Accounts 2021/22 for a full analysis). It remains the largest element due to the continuation of the national subsidy arrangements for local eligible benefit claimants, increased one-off Government grants issued in 2021/22 to support the response to the COVID-19 pandemic and funding for local schools from the Dedicated Schools Grant. For the majority of Council services direct support from Government Grant continues to reduce 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 6 Gross Revenue Expenditure Objective (Service Area) 2021/22

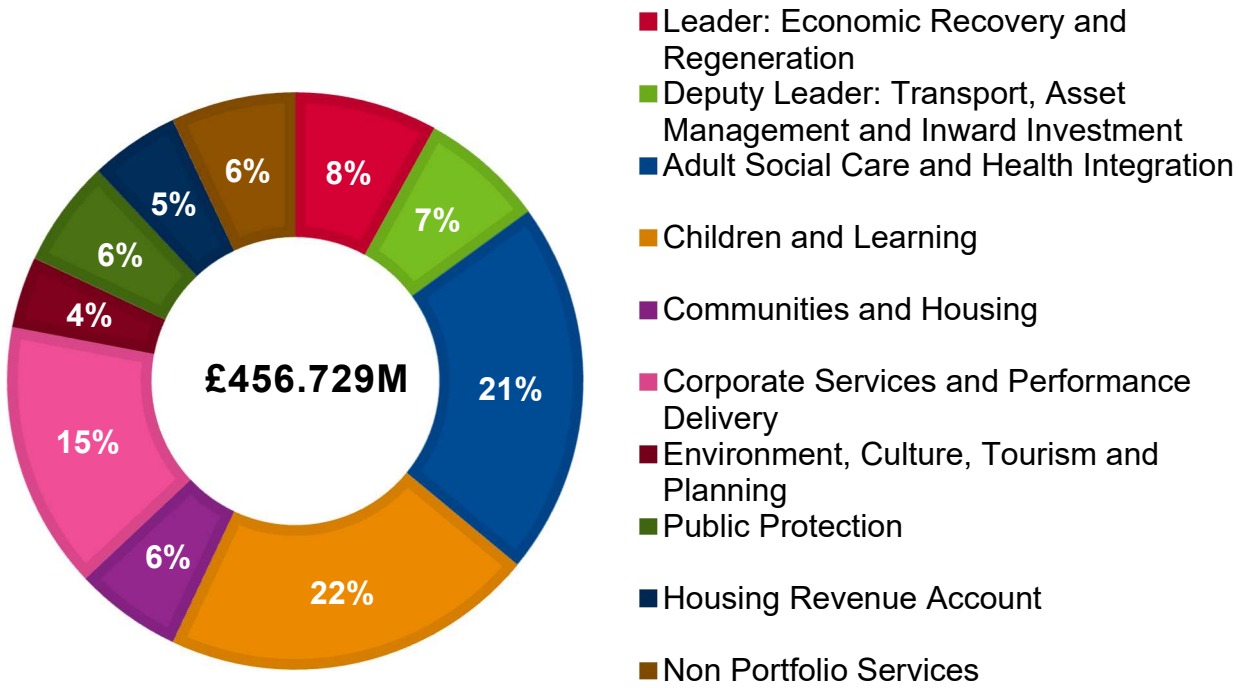


Figure 6 sets out how gross expenditure is split across the various portfolios of services the Council operates under. As part of the funding source commentary highlighted for Figure 5 the Corporate Services and Performance Delivery includes the £53M cost of housing benefit payments made. Children & Learning includes the passing onwards of dedicated schools' grants and other payments to the Council's maintained schools (£28M). Non portfolio services include interest payable, levies and payments to the Government Housing Capital Receipts Pool.

Figure 7 Gross Revenue Expenditure Subjective (By Type) 2021/22

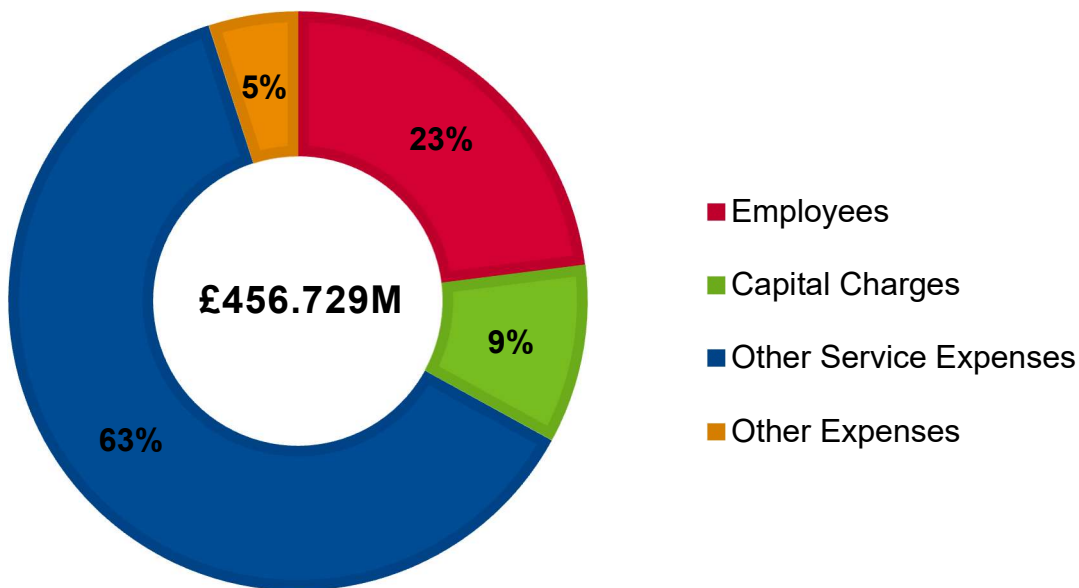


Figure 7 sets out how gross expenditure is split by type. Other service expenses cover the running costs of services excluding employees, and therefore includes the cost of suppliers and contractors, together with monies paid out to schools and benefit claimants. Other expenses cover several accounting charges put through the income and expenditure statement, only to be reversed under statutory regulations.

Economy, Efficiency and Effectiveness

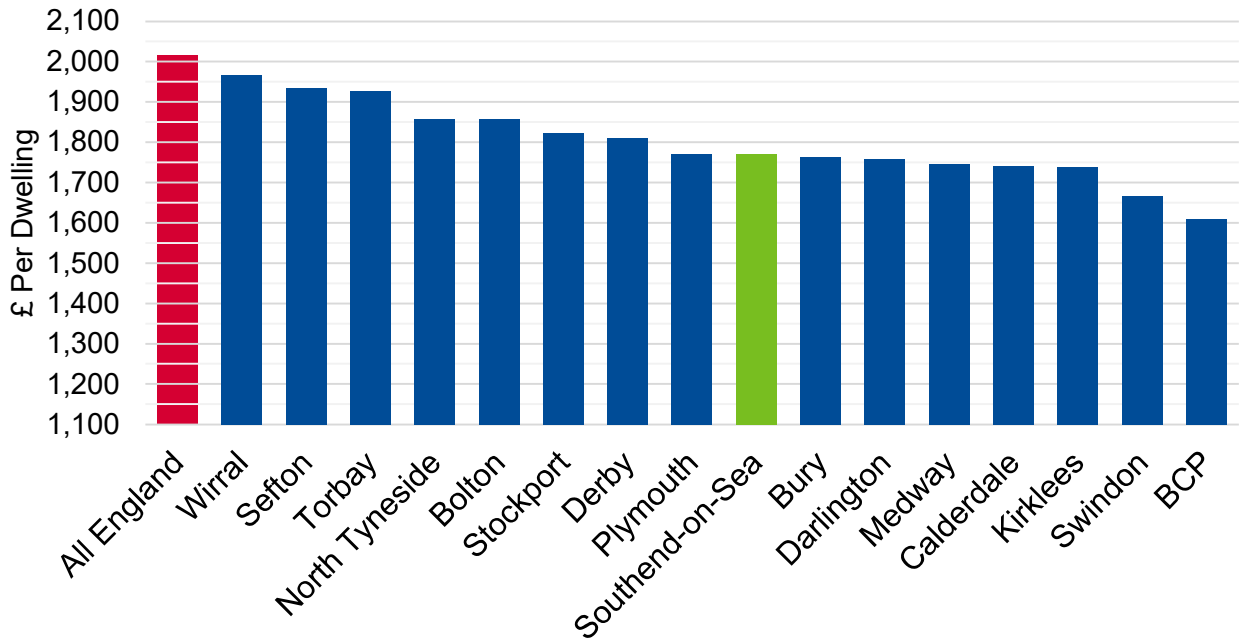
The Council is continually striving to improve all aspects of the organisation in terms of value for money. Its goal is to also improve the wellbeing and productivity of all staff by investing in technology, encouraging innovation, creativity, and modern ways of working via the WorkSmart initiative and 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 2021/22 and will be essential in assessing the new operating environment, financial challenges and value for money of service delivery arrangements. The ambition is 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 is 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 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 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 8 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 ranks 9th 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 8 Core Spending Power per Dwelling (£) 2021/22



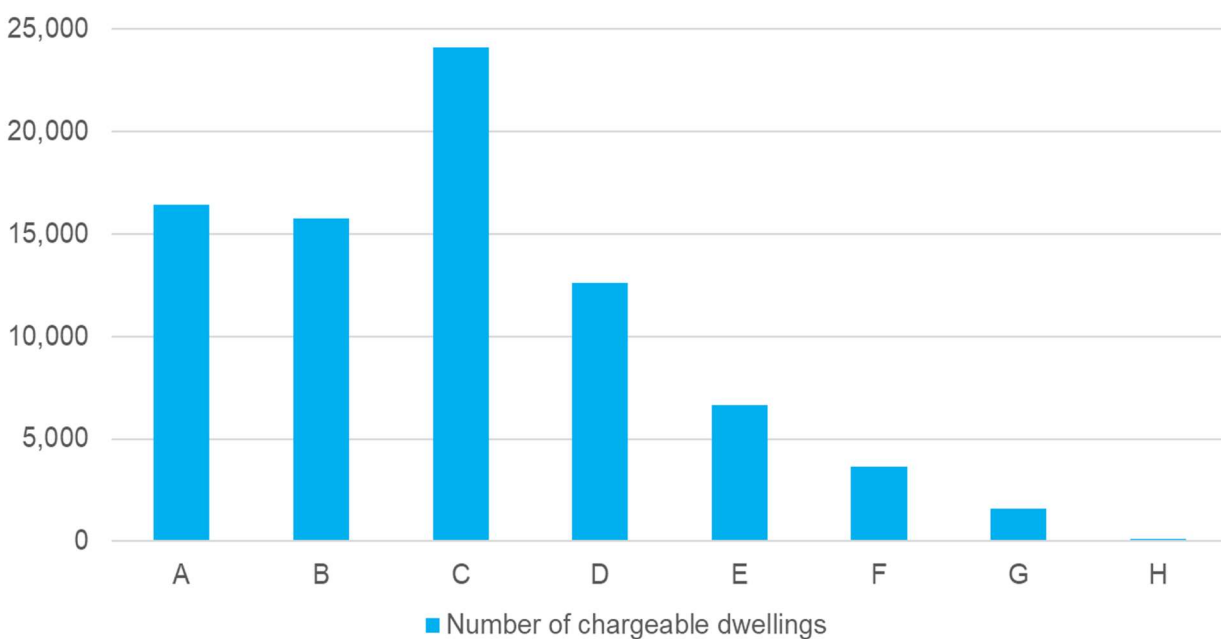
Source: DLUHC

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

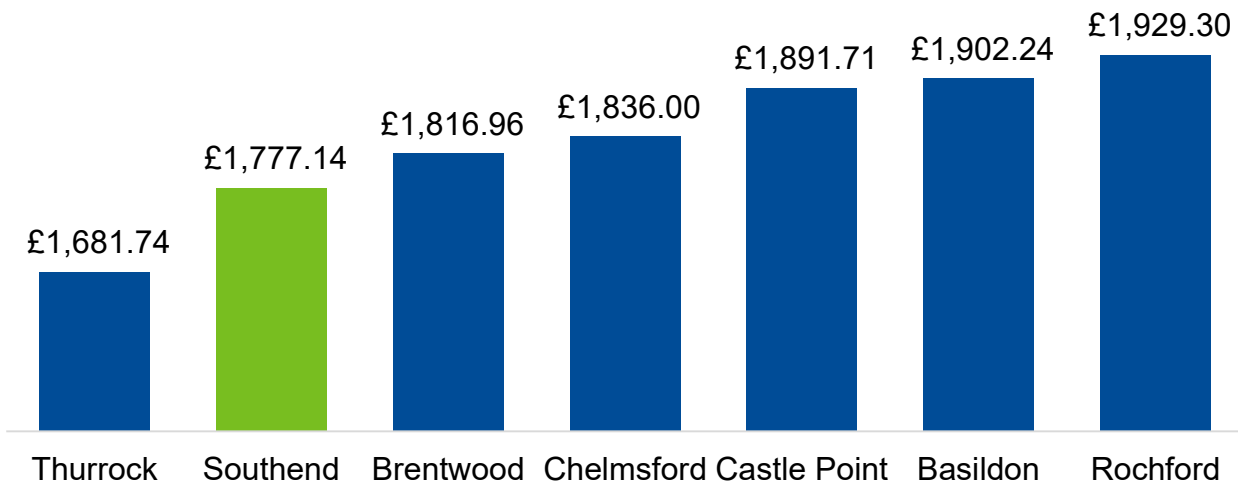
Figure 9. This shows that around 70% of all domestic dwellings are in Bands A - C and therefore these households pay below the Band D average, which is the national comparator for Council Tax charges. This local situation is then further compounded due to almost 35% of all chargeable domestic dwellings 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 9 Properties per Council Tax Band in Southend on Sea



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 10 illustrates the level of council tax (Band D equivalent) charged by Local Authorities from our nearest geographical neighbours in Essex for 2021/22. 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 10 Council Tax Comparison - Band D 2021/22



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.

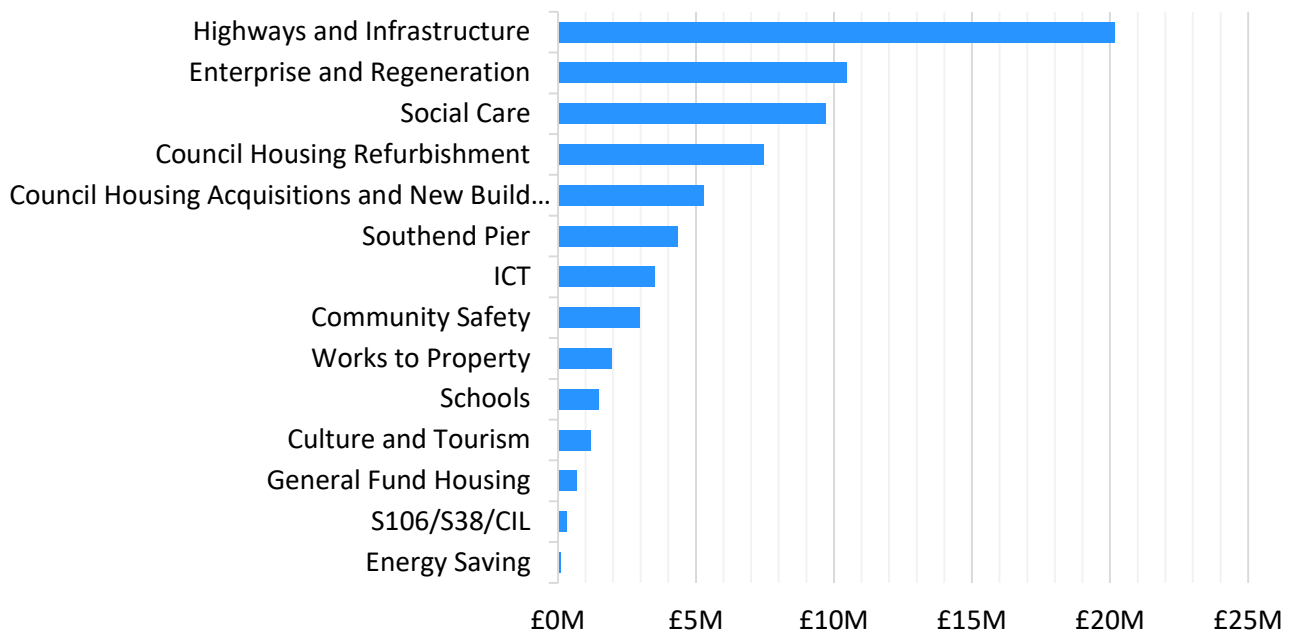
Capital spending can generally be defined as that which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets.

In 2021/22 the Council invested £69.5m (£66.3m in 2020/21) into capital schemes to continue to improve Southend as a place, including the development of the Airport Business Park, investment to facilitate the delivery of Better Queensway which will be the largest housing and regeneration project the Council has undertaken since the 1960’s, the completion of Brook Meadows House, improvements to the city’s highways and footpath network, investment in the Pier and the refurbishment, acquisition and construction of council housing.

Capital Investment 2021/22

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

Figure 11 Capital Investment Programme 2021/22



In Figure 11, 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.

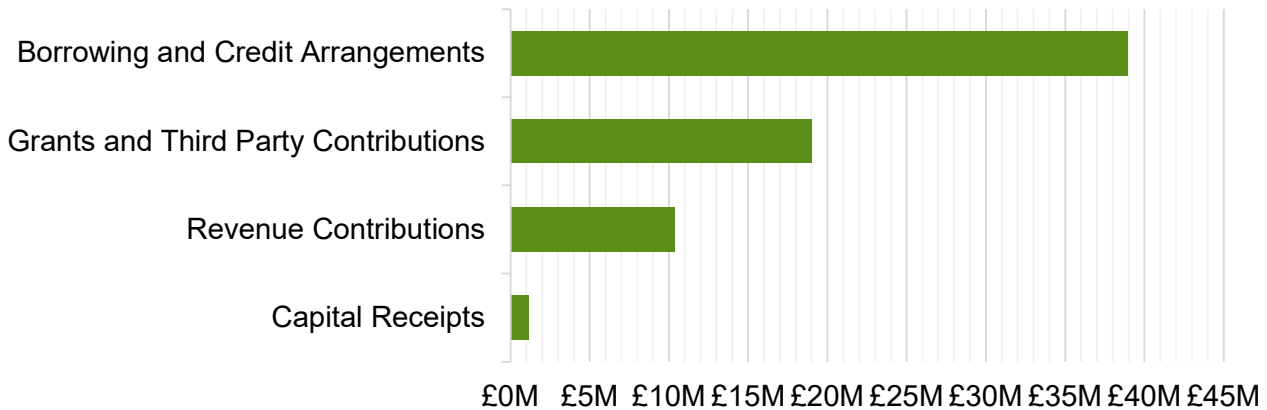
Table 6 Summary of Strategic Capital Projects in 2021/22

Capital Project	2021/22 £000s
<i>Footways and Carriageways</i>	11,366
<i>Brook Meadows House</i>	9,632
<i>Airport Business Park</i>	7,218
<i>Housing Revenue Account – Decent Homes Programme</i>	6,845
<i>Highways and Infrastructure – Local Growth Fund and Local Transport Plan</i>	6,841
<i>Southend Pier Schemes</i>	4,319
<i>Housing Revenue Account – Housing Acquisitions Programme</i>	3,785
<i>ICT Schemes</i>	3,494
<i>Better Queensway</i>	2,440
<i>Housing Revenue Account – Construction of New Housing</i>	1,251
<i>Victoria Centre</i>	457
<i>Levelling Up Fund Schemes</i>	443
<i>Parking Schemes</i>	425

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 12* shows how the £69.5m capital expenditure was funded for the 2021/22 year.

Figure 12 Capital Expenditure Funding Sources 2021/22



Borrowing is kept within affordable levels, with the total accumulated loans owed to external lenders and credit arrangements amounting to £358.0m at 31 March 2022 (£321.2m at 31 March 2021).

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 £9.6m at 31 March 2022 (£10.2m at 31 March 2021).

The Council's operational upper limit for borrowing has been set at £375m (excluding transferred debt) (£375m in 2020/21). Accounting for the borrowing outlined above, this leaves headroom of £17.0m (£53.8m in 2020/21).

This level of debt should also be viewed in relation to the Council's long-term assets which have a net book value of £1,009.9m at 31 March 2022 (£934.1m at 31 March 2021).

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 2022, the total net book value of these long-term assets was £1,009.9m (£934.1m at 31 March 2021).

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. One school transferred in 2021/22 and it is not anticipated that any further schools will transfer in the forthcoming year. If any did, this would reduce the current net book value of the long-term assets held of £50.0m at 31 March 2022 (£50.9m at 31 March 2021) 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 2021/22 financial year the HRA has maintained the same general balance carried forward of £3.5M (£3.5M in 2020/21). Council rents for general needs and sheltered properties were increased by 1.5% in 2021/22 (increased by 2.7% in 2020/21) 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 2021/22 average rents for general needs properties (excluding service charges) were £90.51 per week (£89.17 in 2020/21), and £78.85 per week (£77.68 in 2020/21) for sheltered accommodation.

The full financial performance of the HRA is reported in the Statement of Accounts 2021/22.

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 is 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. Up to 2020/21 the Porters Place Southend-on Sea LLP was consolidated into the group accounts on the basis that the joint venture would become material as the years progressed and was deemed material in a qualitative sense as Better Queensway is the largest housing and regeneration project the Council has undertaken since the 1960's. However, given the withdrawal of Sanctuary from the Better Queensway project, this LLP is no longer consolidated. Please see the Events after the Balance Sheet date disclosure note 5 earlier in these accounts for further details.

The only changes to the group structure since last year is that one of the subsidiary companies (Southend Independent Living) and one of the joint ventures (Sustainable Motion CIC) were dissolved. They had both already ceased trading.

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

Financial Health of the Council as at 31 March 2022

The Government's unprecedented fiscal response to the COVID-19 pandemic resulted in the Council receiving funds in advance of incurring expenditure or paying out grants and providing other financial support to residents and businesses. This led to increased levels of cashflow balances throughout the year. This unusual set of circumstances is clearly only temporary and cashflow patterns and treasury management arrangements returned to more normal activity levels during the last quarter of 2021/22.

The pandemic had a varied impact on the Council's planned delivery of its 2021/22 capital investment programme. Some schemes were delayed due to reduced availability of materials and labour, supply chain disruption or enforced access restrictions due to the requirements for socially distanced working. Some property refurbishment schemes were delivered ahead of time as works were rescheduled to be undertaken on properties that were now available earlier than planned due to the national lockdown measures.

There was a phased programme of temporary closure, part closure and re-configuration of Council services on public health and safety grounds in response to the various national restrictions and then subsequent easing of lockdown measures. In these circumstances the assets of the Council have not been reduced in value because of any permanent need to close facilities or through providing alternative levels of service provision.

Assets

During 2021/22 fixed assets have increased in value by £64.1M (£38.8M in 2020/21) 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 2021/22.

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 2021/22 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 2021/22 is summarised in Table 7.

Table 7 Capital Financing Requirement

	2021/22 £M
<i>Balance 1st April 2021</i>	397.8
<i>Plus: capital expenditure financed by borrowing (internal and invest to save financing)</i>	38.7
<i>Plus: fixed assets subject to finance leases</i>	0.2
<i>Less: Minimum Revenue Provision</i>	(10.0)
<i>Balance 31st March 2022</i>	426.7

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 £358.0M and by internally borrowing the remaining £68.7M. 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

	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M	Total £M
<i>Borrowing</i>	49.1	16.8	11.7	7.9	4.6	90.1
<i>Grants and third-party contributions</i>	48.5	16.2	1.2	0.8	1.4	68.1
<i>Revenue Contributions</i>	15.1	12.9	8.3	0.2	0	36.5
<i>Capital Receipts</i>	2.8	3.3	0.7	0.2	0	7.0
<i>Total</i>	115.5	49.2	21.9	9.1	6.0	201.7

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.

For additional information see note 37 in the Statement of Accounts 2021/22.

Reserves

The Council's reserves consist of general and earmarked reserves. The movement in Reserves Statement in the Statement of Accounts 2021/22 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 2022) reflecting an assessment of the local impact of the COVID-19 pandemic, local priorities and ambitions. The Council must consider emerging risks such as uncertainty of future funding levels from 2023/24, the recent unpredicted and unprecedented rapid rise in 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 councils relating to increasing demand and complexity in areas like social care. Careful and prudent financial management throughout 2021/22 has enabled the Council to increase its overall level of reserves compared to what was originally planned to try to provide both a buffer for the uncertain challenging future 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 2022 (£11.0M at 31 March 2021).

At 31 March 2022 the Council holds £93.188M (£101.733M at 31 March 2021) of general fund earmarked reserves as shown in

Table 9.

Table 9 General Fund Earmarked Reserves

Earmarked Reserve	Opening Balance 1 April 2021 £M	Contributions / (Use) 2021/22 £M	Closing Balance 31 March 2022 £M
<i>Capital Investment Reserves</i>	25.785	(1.667)	24.118
<i>Insurance Reserves</i>	6.033	0	6.033
<i>Corporate Reserves</i>	26.809	1.454	28.263
<i>Service Reserves</i>	12.690	(1.537)	11.153
<i>Grant Reserves</i>	25.882	(10.715)	15.167
<i>Dedicated Schools Grant</i>	4.481	3.920	8.401
<i>Monies Held in Trust</i>	0.053	0	0.053
Total	101.733	(8.545)	93.188

The net total contribution from earmarked reserves in 2021/22 of £8.545M (*net total contribution to earmarked reserves of £29.445M in 2020/21*) includes use of £11.9M of Section 31 Grant for Business Rates appropriated in 2020/21, and the addition of £7.2M of the same grant received

in 2021/22 for use in 2022/23. Similarly, £7.6M of COVID-19 grants received in 2020/21 were used in 2021/22 and a further £0.7M of grants received in 2021/22 have been moved to reserves for use in 2022/23. Other significant movements from reserves were use of £5.5M for Health and Social Care system transformation ambitions, funded by our Health partners in 2020/21. These two areas account for a net movement from reserves of £14.5M.

The net total contribution from reserves of £8.545M included the addition to reserves of £8.7M which includes £3.9M of ring-fenced Dedicated Schools Grant, £1.0M to create a 'cost of living' reserve, £1.0M for operational inflation pressures, £0.9M to deal with future benefits volatility/transformation and £1.75M top-up to the Technology Transition and Systems Modernisation Reserve. These additional contributions to our reserves in 2021/22 were possible due to the strong financial management that was deployed throughout the year.

The HRA's financial strategy includes a determination that a prudent level of the HRA General Balance is £3.5M (£3.5M for 2020/21), having regard for the inherent levels of future financial risk and uncertainty. The Council's HRA holds £34.839M (£34.652M on 31 March 2021) of earmarked reserves as shown in

Table 10.

Table 10 HRA Earmarked Reserves

HRA Earmarked Reserve	Opening Balance 1st April 2021 £M	Contributions / (Use) 2021/22 £M	Closing Balance 31st March 2022 £M
<i>Capital Investment Reserve</i>	27.107	0.890	27.997
<i>Revenue Major Repairs Reserve</i>	6.905	(0.763)	6.142
<i>Contract Pension Reserve</i>	0.640	0.060	0.700
Total	34.652	0.187	34.839

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 2022 is £8.395M (£8.067M at 31 March 2021) and represents the level of capital resources that have yet to be applied at the year-end.

There are also usable capital receipts of £14.654M (£2.315M general fund and £12.339M HRA) and capital grants not yet applied of £31.238M available to finance future planned capital expenditure.

The maintained schools in the borough also hold £3.567M of balances and £8.401M of earmarked reserves. These, together with the general fund and HRA earmarked reserves in the tables above, comprise the total of £131.594M of earmarked reserves shown in note 20 in the Statement of Accounts 2021/22.

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 are still negotiating 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 2021/22. A cross-Council working group was established in January 2019, chaired by the Brexit lead with input from the Essex Resilience Forum and the East of England Local Government Association. The working group has effectively been stood down but has retained a virtual communications channel so that issues can still be raised and discussed as appropriate.

Medium Term Financial Strategy (MTFS) 2022/23 – 2026/27

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 2022/23 Budget and Medium Term Financial Strategy in February 2022 a new Budget Transformation Programme for 2023/24 – 2026/27, was agreed as part of the Council's overall budget package, with specific areas and themes identified to be scoped and developed further during 2022/23. This will 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 support the Council's drive towards financial sustainability and to shape our priorities 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 recent unpredicted and unprecedented rapid rise in inflation, together with changing professional opinions on the depth and duration of continued inflationary increases into the future, added significant new pressures and local challenges for the Council. This new inflation forecast data had been published since the Council's budget was approved and meant some very difficult choices and prioritisation of existing approved spending plans for both capital and revenue had to be undertaken during 2022/23.

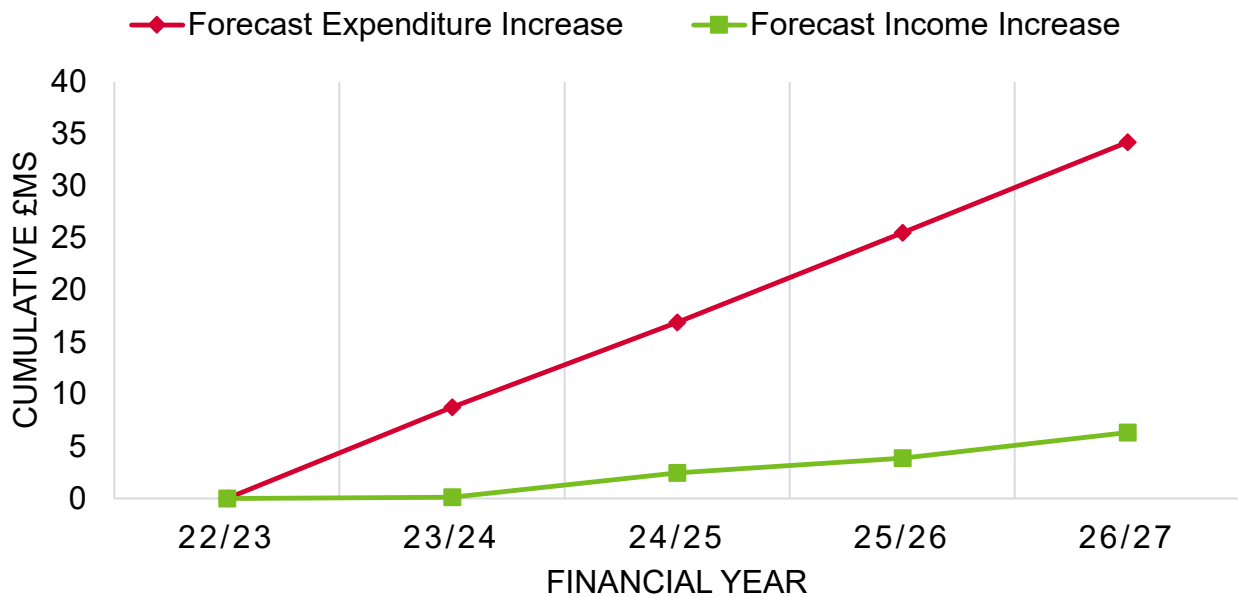
The operating landscape continues to be uncertain as the medium to long term implications on demand and service delivery during the transition from responding to the impact of the pandemic and towards building and enabling a successful recovery are difficult to assess. This has been compounded by the unprecedented recent increases in inflationary pressures both for the Council and for local residents. The situation continued to be closely monitored and appropriate tactics were deployed to support local businesses and communities wherever possible throughout 2022/23.

A considerable amount of analysis and financial planning was undertaken during the pandemic. This provided a useful platform to build from but the impact and uncertainty that the pandemic has caused is very difficult to evaluate and assess across the medium to longer term. Prior to COVID-19 Southend-on-Sea was already having to respond to some high value social care demand trends. 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 2022/23 and as part of the Medium Term Financial Strategy.

The concerns highlighted during 2021/22 around the potential for previously hidden demand during the pandemic are now beginning to surface locally. This is due to a combination of the impact of 'post COVID-19' re-engagement with services and the more recent additional cost of living crisis that is now hitting our local communities.

The Council was predicting a cumulative budget gap of £24.0M up to the end of 2026/27. The Council's forecast profile of this budget gap for each of the next five years is detailed in the following chart (Figure 13) which illustrates the estimated funding gap to 2026/27 as reported to Council in February 2022.

Figure 13 Forecast Income and Expenditure



The potential budget gap is now going to be significantly larger over the medium term. During the first quarter of 2022/23, the Council has experienced the perfect storm of huge increases in demand for services, combined with increasing inflationary pressures at a level not seen for decades, across almost every aspect of the Council's operations. A comprehensive Period 4 financial monitoring and performance report was presented to Cabinet in September 2022. This highlighted the extent of the financial pressure in 2022/23 and provided a revised illustration of the potential impact on the Council's budget over the medium term until 2026/27. Most of the local government sector is predicting major financial challenges and lobbying for additional funding support has already commenced. Southend-on-Sea will undoubtedly be faced with some very difficult choices on the level and range of service offer it can afford to provide in the future.

The challenge of designing and implementing potential mitigating strategies for 2022/23 and the future has been made far more complex due to the impact and speed of the inflationary pressures and surge in demand for critical statutory services.

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 COVID-19 experience 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 £201.7M over the next five years.

Financial Resilience and Future Sustainability

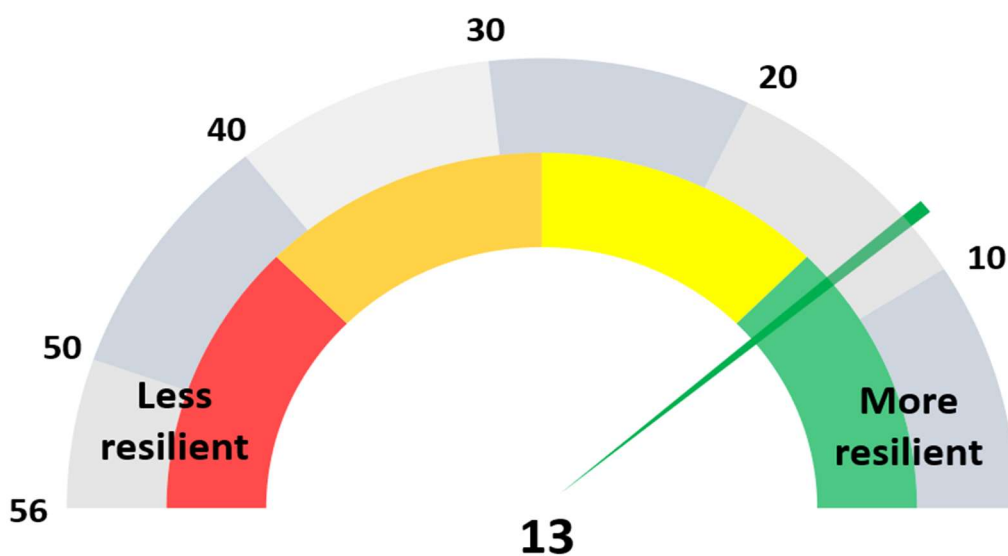
We are an ambitious Council that is committed to continually improving our performance and delivering better outcomes for residents through our Southend 2050 programme. The Council

is determined to build on the solid financial foundation that it has worked so hard to create locally. The operating landscape continues to be uncertain as the medium to long term implications on demand and service delivery during the transition from responding to the impact of the pandemic and towards building and enabling a successful recovery are difficult to assess. This will be essential to help to navigate the challenges and legacy impact of the pandemic and continue to effectively manage the level of increasing and more complex local demand for priority services.

This has been compounded by the unprecedented recent increases in inflationary pressures both for the Council and for local residents. The Council is already learning of major concerns from lots of residents about the impacts of cost of living rises on their day-to-day lives. Price increases for food and fuel, as well as in supply chains for other goods, are leading to many more local residents 'just about managing' or actually falling into poverty. This situation was getting worse locally even before the latest price increases started to take effect.

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 illustrated independently by CIPFA's Financial Resilience Index that was published in February 2021. CIPFA has produced an updated Index for 2022 (February 2022 and December 2022) but they were heavily caveated and quite rightly also included a 'health warning' particularly for the changes in the levels of Reserves for most local authorities. The 2022 Indices has effectively been classified as a transitional position given the exceptional circumstances caused by COVID-19.

Figure 14 Southend's performance in CIPFA's Financial Resilience Index for 2021



Southend is 13th out of 56 unitary authorities when ranked across the 16 indicators of financial stress within CIPFA's Financial Resilience Index for 2021 (Figure 14). During 2021/22 the Authority demonstrated strong collegiate leadership and proactive engagement with its residents and communities to provide support and advice during the crisis. The Council believes that it remains in a strong position to influence, shape and redesign services both locally and regionally to make a real positive difference to the lives of Southenders.

Despite the risks, uncertainties and challenges that have been identified the Council remains in a relatively strong and resilient financial position going into 2022/23. The Council will need this strong platform to try to navigate and support where possible the 'cost of living' pressures experienced by our local residents and businesses. This challenge is exacerbated due to the Council itself facing huge increases in demand for services, significant inflationary cost pressures across all services and priority programmes. Items such as future potential pay awards, utility costs, fuel prices, cost of materials and global supply chain issues are all

resulting in major additional pressures against the Council's approved budgets for 2022/23. This is driven by a combination of global pressures, skills/expertise shortages, factors including inflation, COVID-19 legacy, the war in Ukraine and ongoing uncertainty around Brexit.

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 2021/22 financial year.

The Council and particularly the finance team also had to manage the finalisation of the independent external audit for both the 2020/21 and 2021/22 financial years, due to the resourcing and capacity challenges that our external auditors have experienced over the last 12 months. The status of the 2020/21 audit was regularly reported to the Council's Audit Committee and the 2020/21 Statement of Accounts were signed on 27 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 July 2022

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

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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 2022, and the financial results for the financial year 2021/22. 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 2022 and its income and expenditure for the year ended 31 March 2022.



Joe Chesterton, CPFA
Executive Director (Finance and Resources)
25 October 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 25 October 2023.



Councillor Martin Terry
Chair of Audit Committee
25 October 2023

**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

Opinion

In our opinion the financial statements of Southend-on-Sea City Council ('the Authority') and its subsidiaries ('the group'):

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2022 and of the group's and the Authority's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We have audited the financial statements which comprise:

- the group and Authority Comprehensive Income and Expenditure Statements;
- the group and Authority Balance Sheets;
- the group and Authority Movement in Reserves Statements;
- the group and Authority Cash Flow Statements;
- the Housing Revenue Account Income and Expenditure Statement;
- the Housing Revenue Account Statement;
- the Collection Fund; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the group and the Authority is adopted in consideration of the requirements set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements.

Other information

The other information comprises the information included in the statement of accounts, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Chief Financial Officer's responsibilities

As explained more fully in the Statement of Responsibility for the Statement of Accounts, the Chief Financial Officer is responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the group and the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which our procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

We considered the nature of the group and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Finance Act 2012 and Local Government and Housing Act 1989.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. This included relevant employment legislation.

We discussed among the audit engagement team including relevant internal specialists such as valuations specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

Matters on which we are required to report by exception

Use of resources

Under the Code of Audit Practice and the Local Audit and Accountability Act 2014, we are required to report to you if we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have nothing to report in respect of this matter.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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

We are required under the Code of Audit Practice and Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2022, as to whether the Authority had proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022 by the time of the issue of our audit report. Other findings from our work, including our commentary on the Authority's arrangements, will be reported in our separate Auditor's Annual Report.

Reports in the public interest or to the regulator

The Code of Audit Practice also requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that our remaining work in these areas is unlikely to have a material impact on the financial statements or on our value for money conclusion.

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the

Authority, as a body, those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.



Mohammed Ramzan (Key Audit Partner)
For and on behalf of Deloitte LLP
Birmingham, United Kingdom
19 December 2023

MAIN FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

2020/21							2021/22		
Gross Expenditure £000 Restated	Gross Income £000 Restated	Net Expenditure/ (Income) £000 Restated		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure/ (Income) £000		
26,217	(21,497)	4,720	Leader: Economic Recovery and Regeneration		37,646	(26,904)	10,742		
34,765	(17,304)	17,461	Deputy Leader: Transport, Asset Management and Inward Investment		30,040	(18,342)	11,698		
81,211	(34,869)	46,342	Adult Social Care and Health Integration		95,787	(36,394)	59,393		
95,924	(58,376)	37,548	Children and Learning		99,221	(52,855)	46,366		
36,806	(23,045)	13,761	Communities and Housing		28,245	(22,416)	5,829		
70,568	(63,297)	7,271	Corporate Services and Performance Delivery		69,641	(59,008)	10,633		
16,974	(3,966)	13,008	Environment, Culture, Tourism and Planning		17,566	(4,865)	12,701		
24,249	(5,503)	18,746	Public Protection		26,507	(7,278)	19,229		
386,714	(227,857)	158,857	Net Cost of General Fund Services		404,653	(228,062)	176,591		
28,769	(31,209)	(2,440)	Local Authority Housing (HRA)		22,760	(30,573)	(7,813)		
28,769	(31,209)	(2,440)	Net Cost of Housing Revenue Account Services		22,760	(30,573)	(7,813)		
415,483	(259,066)	156,417	Cost of Services		427,413	(258,635)	168,778		
1,610	0	1,610	Other Operating Income and Expenditure	10	5,610	0	5,610		
23,437	(6,568)	16,869	Financing and Investment Income and Expenditure	11	23,615	(13,347)	10,268		
0	(166,541)	(166,541)	Taxation and Non-Specific Grant Income	12	0	(166,299)	(166,299)		
440,530	(432,175)	8,355	Deficit on Provision of Services		456,729	(438,281)	18,448		
			<i>Items that will not be reclassified to the Deficit on the Provision of Services</i>						
		(30,223)	Surplus on Revaluation of Heritage and Property, Plant and Equipment Assets	9			(39,980)		
		8,230	Re-measurement of Net Pension Liability	9			(102,177)		
		(21,993)	Other Comprehensive Income and Expenditure				(142,157)		
		(13,638)	Total Comprehensive Income and Expenditure				(123,709)		

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 2020		11,000	3,502	4,443	102,961	16,475	8,139	15,638	162,158
Surplus (Deficit) on the Provision of Services		(8,744)	389	0	0	0	0	0	(8,355)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(8,744)	389	0	0	0	0	0	(8,355)
Adjustments between accounting basis and funding basis under regulations	19	38,724	2,342	0	0	(2,558)	(72)	9,305	47,741
Net Increase / Decrease before Transfers to earmarked reserves		29,980	2,731	0	0	(2,558)	(72)	9,305	39,386
Transfers (from) / to Earmarked Reserves	20	(29,980)	(2,731)	3,768	28,943	0	0	0	0
Increase / Decrease in 2020/21		0	0	3,768	28,943	(2,558)	(72)	9,305	39,386
Balance at 31 March 2021		11,000	3,502	8,211	131,904	13,917	8,067	24,943	201,544

	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 2021/22									
(Deficit) / Surplus on the Provision of Services		(26,218)	7,770	0	0	0	0	0	(18,448)
Other Comprehensive Income and Expenditure		0	0	0	0	0	0	0	0
Total Comprehensive Income and Expenditure		(26,218)	7,770	0	0	0	0	0	(18,448)
Adjustments between accounting basis and funding basis under regulations	19	17,510	(7,583)	0	0	737	328	6,295	17,287
Net Increase / Decrease before Transfers to earmarked reserves		(8,708)	187	0	0	737	328	6,295	(1,161)
Transfers to / (from) Earmarked Reserves	20	8,708	(187)	3,757	(12,278)	0	0	0	0
Increase / Decrease in 2021/22		0	0	3,757	(12,278)	737	328	6,295	(1,161)
Balance at 31 March 2022		11,000	3,502	11,968	119,626	14,654	8,395	31,238	200,383

	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 2020	259,337	(838)	(144,522)	220,423	2,250	6,771	(1,031)	342,390	504,548
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	(8,355)
Other Comprehensive Income and Expenditure	30,223	0	(8,230)	0	0	0	0	21,993	21,993
Total Comprehensive Income and Expenditure	30,223	0	(8,230)	0	0	0	0	21,993	13,638
Adjustments between accounting basis and funding basis under regulations	(3,673)	(352)	(16,884)	(12,417)	1,500	(14,599)	(1,316)	(47,741)	0
Net Increase / Decrease before Transfers to earmarked reserves	26,550	(352)	(25,114)	(12,417)	1,500	(14,599)	(1,316)	(25,748)	13,638
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2020/21	26,550	(352)	(25,114)	(12,417)	1,500	(14,599)	(1,316)	(25,748)	13,638
Balance at 31 March 2021	285,887	(1,190)	(169,636)	208,006	3,750	(7,828)	(2,347)	316,642	518,186

	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	£000	£000
Movement in Reserves during 2021/22									
Surplus (Deficit) on the Provision of Services	0	0	0	0	0	0	0	0	(18,448)
Other Comprehensive Income and Expenditure	39,980	0	102,177	0	0	0	0	142,157	142,157
Total Comprehensive Income and Expenditure	39,980	0	102,177	0	0	0	0	142,157	123,709
Adjustments between accounting basis and funding basis under regulations	(9,380)	4,800	(24,972)	5,080	1,075	6,404	(294)	(17,287)	0
Net Increase / Decrease before Transfers to earmarked reserves	30,600	4,800	77,205	5,080	1,075	6,404	(294)	124,870	123,709
Transfers to / (from) Earmarked Reserves	0	0	0	0	0	0	0	0	0
Increase / Decrease in 2021/22	30,600	4,800	77,205	5,080	1,075	6,404	(294)	124,870	123,709
Balance at 31 March 2022	316,487	3,610	(92,431)	213,086	4,825	(1,424)	(2,641)	441,512	641,895

Balance Sheet

31 March 2021 £000		Notes	31 March 2022 £000
706,583	Property, Plant & Equipment (excluding infrastructure assets)	21a	759,029
116,904	Infrastructure Assets	21b	128,780
30,030	Heritage Assets	23	30,986
39,113	Investment Property	24	37,952
9,106	Intangible Assets	22	9,126
26,564	Long Term Investments	25	37,078
5,767	Long Term Debtors	25	6,953
934,067	Long Term Assets		1,009,904
45,999	Short term Investments	25	80,545
196	Inventories		187
64,024	Short Term Debtors	26	58,125
66,030	Cash and Cash Equivalents	25, 27	53,764
176,249	Current Assets		192,621
(4,546)	Short Term Borrowings	25	(1,804)
(84,770)	Short Term Creditors	28	(94,679)
(5,217)	Provisions	29	(4,493)
(94,533)	Current Liabilities		(100,976)
(2,086)	Long Term Creditors		(2,028)
(315,721)	Long Term Borrowing	25	(355,554)
(169,636)	Other Long Term Liabilities – Pensions	37	(92,431)
(10,154)	Other Long Term Liabilities – Other	25	(9,641)
(497,597)	Long Term Liabilities		(459,654)
518,186	Net Assets		641,895
201,544	Usable Reserves	30	200,383
316,642	Unusable Reserves	31	441,512
518,186	Total Reserves		641,895

Cash Flow Statement

2020/21 £000		Notes	2021/22 £000
8,355	Net Deficit on the Provision of Services		18,448
(85,335)	Adjustments to Net Deficit on the Provision of Services for non-cash Movements	40	(68,088)
29,878	Adjustments for items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	41	28,225
<u>(47,102)</u>	Net cash outflows from Operating Activities		<u>(21,415)</u>
10,700	Investing Activities	42	78,767
13,157	Financing Activities	43	(45,086)
<u>(23,245)</u>	Net (Increase)/Decrease in Cash and Cash Equivalents		<u>12,266</u>
(42,785)	Cash and Cash Equivalents at the beginning of the Reporting Period		(66,030)
<u>(66,030)</u>	Cash and Cash Equivalents at the end of the Reporting Period	27	<u>(53,764)</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.

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 2022/23 Code:

Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
- IAS 37 (Onerous contracts) – clarifies the intention of the standard
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16.

The Code requires implementation from 1 April 2022. 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 2022/23 and 2023/24 Codes allow for earlier adoption if preferred. The Council has decided not to adopt IFRS 16 Leases in the 2022/23 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, particularly in light of the recovery from the COVID-19 pandemic and the resulting service demand pressures, inflationary increases, which have been exacerbated by the implications of the events in Ukraine and the resulting unprecedented rise in energy prices. The Council only received a one year financial settlement for 2022/23 and no clarity has yet been provided over the content or timing of the next Comprehensive Spending Review. All local authorities will be experiencing increases in service cost pressures, the financial effects of reductions in income, inflationary increases and operational logistics. This is compounded by the added difficulty of delivering recovery savings plans in a very different financial landscape and challenging operating environment. The scale and impact of the aftermath of the pandemic combined with the cost of living crisis has resulted in an unprecedented national policy and funding response from Central Government. The range, volume and value of different targeted financial support packages issued throughout 2020/21 continued but at a lower level into 2021/22. Regular announcements containing a varied range of funding/grant support to be either passported on to local eligible businesses and residents or to be used directly by the Council to support our local response to the pandemic also continued. Where grants have been paid to the Council under Section 31 of the Local Government Act, judgement has been exercised 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.

- 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 Council's 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 2022 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 £35.6M, and an increase in the discount rate of 0.1% would decrease the net pension liability by £14.4M.</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 and surplus assets, the Council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the Council's Investment Properties and Surplus Assets are disclosed in notes 24 and 21a respectively.</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.</p> <p>The Council uses the comparative approach to measure the fair value of its surplus development plots using the sales price obtained for similar development plots in the past. The significant unobservable inputs used in the fair value measurement include the external valuers' professional judgement on current sales prices.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and surplus assets.</p> <p>The ranges used, on a weighted average basis, are maintained on a consistent basis year on year.</p> <p>The Council's investment property portfolio and surplus assets are relatively stable and there has been no change in the valuation techniques used for Investment Properties or Surplus Assets in 2021/22 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.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge would increase by £3.0M for every year that useful lives had to be reduced.</p>
Provisions for impairment of debt	The Council makes a provision for bad or doubtful debt every year and the amount is always subject to some estimation uncertainty. This concern remains at an increased level as at 31 March 2022 due to the need to take into account the effect that the ongoing economic and market conditions will have on debt collection and recovery.	The value of the provision for impairment of short term debtors has increased by £1.5M. This is disclosed in note 26 to the Accounts. If the actual value of impaired debt differs from this provision the amount would be charged or credited back to the appropriate service line in the Comprehensive Income and Expenditure Statement.

Note 5. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Executive Director (Finance and Resources) on 19 December 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Challenges remain as the country and the rest of the world monitors mutations of the COVID-19 virus and considers how best to live with it, now and in the future. The direct operational service arrangements of the Council and its partners continued to be severely impacted during 2021/22. Although this began to reduce during the last quarter, the effects of coping with the aftermath of the pandemic will continue in 2022/23 and later years. It is still too early to assess the full impact that the increased service demand pressures,

prevailing inflationary increases and supply chain issues will have on the ongoing financial position of the Council. The key impacts on the 2021/22 financial year and the implications for the 2022/23 budget and Medium Term Financial Strategy were set out in the provisional resources outturn for 2021/22 that was presented to the Cabinet meeting on 14 June 2022 and is available on our website¹. A further update on the ongoing financial impact of the prevailing economic and market conditions for 2022/23 was included as part of the Financial Performance Report for July 2022 which was presented to the Cabinet meeting of 13 September 2022.

Porters Place Southend-on-Sea LLP is one of the joint ventures in which the Council participates. It is a 30-year partnership with Swan Housing Association and their wholly owned subsidiary Swan BQ Limited, with the purpose to regenerate the Queensway Estate and surrounding environs. On 8 February 2023 Swan joined Sanctuary as a subsidiary. On 10 August 2023 Sanctuary Housing Association confirmed its intention to withdraw involvement from the Better Queensway Project so that it can prioritise investment and commitment to existing homes and communities and focus on the delivery of schemes where construction has already started. The Council remains fully committed to the Better Queensway regeneration scheme for the benefit of the residents of the estate and will now explore alternative options to progress the scheme.

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 2022. At that date the Council had a 49% holding. On 12 May 2023 the Council became the 100% shareholder of the company.

The disclosures regarding the Defined Benefit Pension Scheme are provided by a firm of consulting actuaries that uses its expertise to apply appropriate assumptions and judgements in the estimation of the net pension liability. When the draft 2021/22 accounts were prepared for publication, the defined benefit liability would have been derived from a roll-forward of the 2019 triennial valuation. Since then, the triennial valuation for 2022 (as at 31 March 2022) has been received from the actuary. This provided updated information as at 31 March 2022 so revised disclosures for the net pension liability have been included in note 37.

¹<https://democracy.southend.gov.uk/documents/s50777/Report%20of%20Exec%20Director%20Finance%20and%20Resources.pdf>

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	2020/21		Notes	2021/22		
	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
(1,550)	6,270	4,720	Leader: Economic Recovery and Regeneration	5,414	5,328	10,742
(3,601)	21,062	17,461	Deputy Leader: Transport, Asset Management and Inward Investment	(3,049)	14,747	11,698
42,517	3,825	46,342	Adult Social Care and Health Integration	47,442	11,951	59,393
29,306	8,242	37,548	Children and Learning	36,960	9,406	46,366
5,219	8,542	13,761	Communities and Housing	4,003	1,826	5,829
3,038	4,233	7,271	Corporate Services and Performance Delivery	3,824	6,809	10,633
12,175	833	13,008	Environment, Culture, Tourism and Planning	11,357	1,344	12,701
16,955	1,791	18,746	Public Protection	16,457	2,772	19,229
104,059	54,798	158,857	Net Cost of General Fund Services	122,408	54,183	176,591
(9,368)	6,928	(2,440)	Local Authority Housing (HRA)	(7,275)	(538)	(7,813)
(9,368)	6,928	(2,440)	Net Cost of Housing Revenue Account Services	(7,275)	(538)	(7,813)
94,691	61,726	156,417	Net Cost of Services	115,133	53,645	168,778
47,727	(29,248)	18,479	Other (Income) and Expenditure	14,576	1,393	15,969
(142,418)	(24,123)	(166,541)	Taxation and non-specific Grant Income	(129,709)	(36,590)	(166,299)
(94,691)	(53,371)	(148,062)	Total Other (Income) and Expenditure	(115,133)	(35,197)	(150,330)
0	8,355	8,355	Deficit	0	18,448	18,448
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.

2020/21									2021/22			
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										
1,762	3,189	1,319	6,270	Leader: Economic Recovery and Regeneration	1,453	3,278	597	5,328				
507	20,060	495	21,062	Deputy Leader: Transport, Asset Management and Inward Investment	1,526	10,996	2,225	14,747				
2,314	1,596	(85)	3,825	Adult Social Care and Health Integration	4,137	7,788	26	11,951				
3,789	5,281	(828)	8,242	Children and Learning	6,493	2,858	55	9,406				
646	7,787	109	8,542	Communities and Housing	1,323	487	16	1,826				
1,065	2,033	1,135	4,233	Corporate Services and Performance Delivery	1,742	4,075	992	6,809				
1,598	1,882	(2,647)	833	Environment, Culture, Tourism and Planning	2,674	1,971	(3,301)	1,344				
982	738	71	1,791	Public Protection	1,809	953	10	2,772				
12,663	42,566	(431)	54,798	Net Cost of General Fund Services	21,157	32,406	620	54,183				
0	7,011	(83)	6,928	Net Cost of Housing Revenue Account Services	0	(539)	1	(538)				
12,663	49,577	(514)	61,726	Net Cost of Services	21,157	31,867	621	53,645				
4,221	(26,728)	(6,741)	(29,248)	Other (Income) and Expenditure	3,815	(6,633)	4,211	1,393				
0	(9,707)	(14,416)	(24,123)	Taxation and non-specific Grant Income		(14,838)	(21,752)	(36,590)				
16,884	13,142	(21,671)	8,355	(Surplus) or Deficit	24,972	10,396	(16,920)	18,448				

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	2021/22 £000	2020/21 £000
Income			
Fees, Charges and other Service Income	8	(77,706)	(67,220)
Interest and Investment Income	11	(6,698)	(1,515)
Gains on Revaluation		(3,983)	(5,164)
Income from Council Tax	12	(88,675)	(83,530)
Income from Non-domestic Rates	12	(15,109)	(8,724)
Government Grants and Contributions	18	(246,110)	(266,022)
Total Income		(438,281)	(432,175)
Expenditure			
Employee Benefits Expenses		106,316	96,205
Other Service Expenses		285,972	261,768
Support Service Recharges (net)		(253)	(215)
Depreciation, Amortisation and Impairment		42,621	64,406
Interest Payments	11	12,654	12,535
Pensions Interest and Expected Return	11	3,809	4,221
Precepts and Levies	10	1,077	1,057
Payments to Housing Capital Receipts Pool	10	608	497
Losses on the disposal of Assets	10, 11	3,925	56
Total Expenditure		456,729	440,530
Deficit on the Provision of Services		18,448	8,355

Note 8. Segmental Income

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

	2021/22	2020/21
	£000	£000
		Restated
Leader: Economic Recovery and Regeneration	(1,641)	(1,686)
Deputy Leader: Transport, Asset Management and Inward Investment	(12,343)	(7,216)
Adult Social Care and Health Integration	(13,320)	(12,540)
Children and Learning	(2,828)	(2,402)
Communities and Housing	(581)	(224)
Corporate Services and Performance Delivery	(4,130)	(3,688)
Environment, Culture, Tourism and Planning	(3,612)	(2,773)
Public Protection	(4,843)	(4,288)
Total Income from General Fund Services	(43,298)	(34,817)
Local Authority Housing (HRA)	(28,329)	(27,871)
Total Income from Housing Revenue Account Services	(28,329)	(27,871)
Total Income from Services	(71,627)	(62,688)
Other Income and Expenditure	(6,079)	(4,532)
Total Income	(77,706)	(67,220)

Note 9. Material Items of Income and Expense

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 £102.177M
- 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 £28.823M 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 £14.697M 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. This amount is made up of £7.158M of funding

allocated in response to the COVID-19 pandemic and £7.539M allocated through the Better Care Fund. The Council only acted as an agent and had no control or influence over the basis or the actual amount that was passported 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 £5.233M in the General Fund to compensate for this.

In relation to 2020/21:

- The Surplus on Revaluation of non-current assets of £30.223M consists of £76.380M of revaluation gains from the increase in the value of Property Plant and Equipment and £46.157M 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 2020/21 deteriorated with an increase in the underlying value of scheme assets being more than offset by an increase in the present value of scheme liabilities. This has led to an actuarial loss passing through the Comprehensive Income and Expenditure Statement of £8.230M.
- 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 £53.670M 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 £86.860M 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. This amount is made up of £78.927M of funding allocated in response to the COVID-19 pandemic and £7.933M allocated through the Better Care Fund. The Council only acted as an agent and had no control or influence over the basis or the actual amount that was passported on to the intended recipient.
- The Collection Fund has seen a significant reduction in the level of business rate income received and the Council has received Section 31 grants of £16.949M in the General Fund to compensate for this.

Note 10. Other Operating Income and Expenditure

	2021/22 £000	2020/21 £000
Leigh Town Council Precept and Grant	443	447
Levies	634	610
Payments to the Government Housing Capital Receipts Pool	608	497
Losses on the Disposal of Non-current Assets	3,925	56
Total	5,610	1,610

Note 11. Financing and Investment Income and Expenditure

	2021/22 £000	2020/21 £000
Interest Payable and Similar Charges	12,654	12,535
Interest on net pension liability	3,809	4,221
Interest Receivable and Similar Income	(6,698)	(1,515)
Income and Expenditure in relation to Investment Properties and changes in their Fair Value	(1,619)	(318)
Deficit on Traded Services	2,372	2,147
Other	(159)	(201)
Total	10,359	16,869

See also note 24 for more information on Investment Properties.

Note 12. Taxation and Non Specific Grant Incomes

	2021/22 £000	2020/21 £000
Council Tax Income	88,675	83,530
Retained Business Rates	15,109	8,724
Non-Ringfenced Government Grants	31,363	31,857
COVID-19 Related Grants and Contributions	16,314	32,723
Capital Grants and Contributions	14,838	9,707
Total	166,299	166,541

Note 13. Pooled Budgets

The Better Care Fund, an agreement between Southend-on-Sea City Council and NHS 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.

	2021/22	2020/21
	£000	£000
Funding provided to the pooled budget		
Southend-on-Sea City Council	(9,289)	(9,289)
NHS Southend Clinical Commissioning Group	(14,312)	(13,575)
Total Funding	(23,601)	(22,864)
Expenditure met from the pooled budget		
Southend-on-Sea City Council	16,062	15,713
NHS Southend Clinical Commissioning Group	7,539	7,151
Total Expenditure	23,601	22,864
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.

	2021/22	2020/21
	£000	£000
Basic Allowances	478	466
Special Allowances	195	195
Travel and Subsistence	0	0
Total Members Allowances	673	661

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:

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	87,198	0	0	87,198	16,916	104,114
<i>annualised as reduced hours</i>						130,142
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

2020/21

Post holder information (Post title)	Salary (Including fees & Allowances) £	Compensation for loss of employment £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding pension contributions 2020/21 £	Pension contribution £	Total Remuneration including pension contributions 2020/21 £
Chief Executive - Alison Griffin	163,496	0	0	163,496	31,718	195,214
Deputy Chief Executive						
Andrew Lewis	138,971	0	0	138,971	26,960	165,931
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
Neighbourhoods and Environment to 10th January 2021 <i>annualised</i>	95,492	0	0	95,492	18,495	113,987 145,984
Interim Neighbourhoods and Environment from 14th December 2020 - Steve Moore <i>annualised</i>	76,950	0	0	76,950	0	76,950 260,063
Legal & Democratic Services <i>annualised as reduced hours</i>	87,198	0	0	87,198	16,916	104,114 130,143
Finance & Resources	108,997	0	0	108,997	21,146	130,143
Transformation	108,997	0	0	108,997	21,146	130,143
Directors						
Regeneration and Growth	94,884	0	0	94,884	18,408	113,292
Planning to 23rd August 2020 <i>annualised</i>	36,491	0	0	36,491	7,079	43,570 109,677
Interim Planning from 3rd August 2020 - Trevor Saunders <i>annualised</i>	109,311	0	0	109,311	0	109,311 165,553
Housing Development (includes 2019/20 backpay)	100,381	0	0	100,381	19,474	119,855
Integration & Partnerships to 28th August 2020 <i>annualised</i>	40,797	95,667	0	136,464	7,915	144,379 214,198
Commissioning from 1st February 2021	17,090	0	0	17,090	3,315	20,405

<i>annualised</i>						126,236
Adult Social Care	94,884	0	0	94,884	18,408	113,292
Learning	94,884	0	0	94,884	18,408	113,292
Children's Services	94,884	0	0	94,884	18,408	113,292
Public Health	107,107	0	0	107,107	12,991	120,098
Culture and Tourism	94,884	0	0	94,884	18,408	113,292
Public Protection	94,884	0	0	94,884	18,408	113,292
Property and Commercial	89,394	0	0	89,394	17,528	106,922
Digital Futures from 11th May 2020	88,876	0	0	88,876	17,195	106,071
<i>annualised</i>						119,126

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

	2021/22			2020/21		
	Number of Staff			Number of Staff		
	Council	Schools	Total	Council	Schools	Total
£50,000 to £54,999	87	8	95	74	7	81
£55,000 to £59,999	40	3	43	33	5	38
£60,000 to £64,999	27	6	33	33	6	39
£65,000 to £69,999	8	2	10	19	3	22
£70,000 to £74,999	16	3	19	5	2	7
£75,000 to £79,999	8	4	12	4	3	7
£80,000 to £84,999	3	1	4	2	2	4
£85,000 to £89,999	1	0	1	0	1	1
£90,000 to £94,999	1	1	2	1	1	2
£95,000 to £99,999	1	0	1	0	0	0
£100,000 to £104,999	0	0	0	1	0	1
£105,000 to £109,999	1	0	1	0	0	0
£115,000 to £119,999	0	0	0	1	0	1
£135,000 to £139,999	0	0	0	1	0	1
£140,000 to £144,999	0	0	0	1	0	1
Total	193	28	221	175	30	205

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	
	2021/22			2020/21			2021/22	2020/21
	Compulsory	Other	Total	Compulsory	Other	Total	£	£
Council Staff								
£0 - £19,999	15	17	32	16	10	26	177,374	198,360
£20,000 - £39,999	2	5	7	7	6	13	177,302	358,547
£40,000 - £59,999	3	0	3	2	2	4	141,150	203,158
£60,000 - £79,999	0	2	2	5	1	6	135,760	410,484
£80,000 - £99,999	0	3	3	1	1	2	276,484	172,315
Sub-Total	20	27	47	31	20	51	908,070	1,342,864
School Staff								
£0 - £19,999	1	0	1	3	0	3	19,378	4,078
Sub-Total	1	0	1	3	0	3	19,378	4,078
Total	21	27	48	34	20	54	927,448	1,346,942

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:

	2021/22	2020/21
	£000	£000
Fees payable with regard to external audit services	110	168
Fees payable in respect of additional procedures as part of statutory audit	0	0
Total Audit Costs	110	168

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:

	2021/22	2021/22	2021/22	2020/21
	Central	Individual	Total	Total
	Expenditure	Schools	£000	£000
	£000	Budget		
		£000		
Final DSG before academy recoupment			170,936	158,318
Academy figure recouped			(116,931)	(107,407)
Total DSG after academy recoupment			54,005	50,911
Plus: Brought forward from prior year			4,481	1,248
Less: Carry forward to following year, agreed in advance			(4,309)	(1,136)
Total DSG available			54,177	51,023
Agreed initial budget distribution	20,062	34,115	54,177	51,023
In year adjustments (early years)	(45)	0	(45)	(59)
Final budget distribution	20,017	34,115	54,132	50,964
Less: Actual central expenditure	(16,204)		(16,204)	(14,782)
Less: Actual ISB deployed to Schools and providers		(33,836)	(33,836)	(32,837)
Carry forward to following year	3,813	279	4,092	3,345
Plus: Carry forward agreed in advance			4,309	1,136
Total DSG Carried Forward			8,401	4,481

Note 18. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22.

	2021/22 £000	2020/21 £000
Credited to Taxation and Non Specific Grant Income		
Non-Ringfenced Government Grants		
Business Rates Top Up and Section 31 Grants	17,319	14,031
Revenue Support Grant	6,055	6,022
Adult Social Care Grant	5,953	4,861
New Homes Bonus	1,377	1,419
Other non-ringfenced government grants	659	5,524
COVID-19 Related Grants and Contributions		
Business Rates Reliefs	5,233	15,959
COVID-19 Local Authority Support Grant	4,931	9,078
Council Tax Hardship Fund & Income Guarantee Scheme	2,941	1,988
COVID-19 Income Compensation Scheme	1,644	5,698
COVID-19 Additional Relief Fund (CARF)	1,224	0
COVID-19 Clinically Extremely Vulnerable Support	341	0
	47,677	64,580
Capital Grants and Contributions		
Highways and Infrastructure	5,591	8,168
Schools	3,367	259
Airport Business Park	3,325	1,454
Levelling Up Fund	1,482	0
Housing	1,043	297
Culture	21	233
Social Care	9	434
Forum 2 - reversal of prior year grants	0	(1,138)
	14,838	9,707
Total	62,515	74,287

	2021/22	2020/21
	£000	£000
Credited to Services		
Dedicated Schools Grant	53,960	50,852
Housing Benefits	53,290	57,438
COVID-19 Response Grants and Contributions	17,742	20,948
Other grants and third party contributions funding REFCUS	10,495	18,412
Other Service Grants and Contributions	9,806	8,846
Public Health Grant	9,798	9,699
Improved Better Care Fund	7,568	7,568
Funding from Clinical Commissioning Groups	7,467	6,756
Education and Skills Funding Agency	3,239	5,024
Homelessness/Rough Sleeper Initiatives	2,104	1,314
Pupil Premium	1,943	1,915
South East Business Boost	1,935	0
Household Support Fund	1,413	0
Unaccompanied Asylum Children	1,121	912
Universal Infant Free School Meals Grant	868	920
Housing Benefit Administration	846	1,131
Total	183,595	191,735

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	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	845	0	0	0	0	(845)
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	5,011	1,413	0	0	0	(6,424)
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

	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 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)	36,389	0	0	0	0	(36,389)
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	17,510	(7,583)	737	328	6,295	(17,287)

2020/21 Comparative Figures

Usable Reserves

	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	13,380	6,149	0	0	0	(19,529)
Revaluation and impairment losses on property, plant and equipment and intangible assets	12,255	5,861	0	0	0	(18,116)
Movements in the market value of investment properties	1,912	126	0	0	0	(2,038)
Amortisation of intangible assets	1,260	0	0	0	0	(1,260)
Capital grants and contributions applied	(3,957)	781	0	0	(8,326)	11,502
Revenue expenditure funded from capital under statute	13,977	204	0	0	0	(14,181)
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	796	664	0	0	0	(1,460)
Change in fair value of pooled investments taken to Financial Instruments Revaluation Reserve	352	0	0	0	0	(352)
Insertion of items not debited or credited to the comprehensive income and expenditure statement						
Statutory provision for the financing of capital investment	(9,359)	0	0	0	0	9,359
Capital expenditure charged against the General Fund and HRA Balances	(412)	(2,223)	0	0	0	2,635
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the comprehensive income and expenditure statement	(23,090)	(1,853)	0	0	24,943	0
Application of grants to capital financing transferred to the capital adjustment account	0	0	0	0	(7,312)	7,312
Adjustments Primarily involving the Major Repairs Reserve						
Reverse MRA credited to HRA	0	(6,149)	0	0	0	6,149
Reversal of HRA Depreciation credited to the Major Repair Reserve	0	0	0	6,149	0	(6,149)
Use of the major repairs reserve to finance new capital expenditure	0	0	0	(6,221)	0	6,221
Adjustments primarily involving the Deferred Capital Receipts Account						
Transfer of deferred capital receipt recognised as income in the Comprehensive Income and Expenditure Account	(1,500)	0	0	0	0	1,500

2020/21 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	(186)	(1,218)	1,404	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	(3,465)	0	0	3,465
Contribution from the capital receipts reserve to finance the payments to the government capital receipts pool	497	0	(497)	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)	32,613	0	0	0	0	(32,613)
Employer's pensions contributions and direct payments to pensioners payable in the year	(15,729)	0	0	0	0	15,729
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	14,599	0	0	0	0	(14,599)
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	1,316	0	0	0	0	(1,316)
Total Adjustments	38,724	2,342	(2,558)	(72)	9,305	(47,741)

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 2021/22.

Earmarked Reserves	Balance at 1 April	Transfers		Balance at 31 March	Transfers		Balance at 31 March
	2020 £000	To £000	From £000	2021 £000	To £000	From £000	2022 £000
School Balances	3,195	535	0	3,730	0	(163)	3,567
General Fund Reserves							
Capital Investment Reserves	26,664	2,922	(3,801)	25,785	0	(1,667)	24,118
Insurance Reserves	5,963	70	0	6,033	0	0	6,033
Corporate Reserves	21,938	25,313	(20,442)	26,809	9,083	(7,629)	28,263
Service Reserves	7,665	11,257	(6,232)	12,690	2,608	(4,145)	11,153
Grants Reserves	8,757	23,046	(5,921)	25,882	10,366	(21,081)	15,167
Dedicated Schools Grant	1,248	3,233	0	4,481	3,920	0	8,401
Monies held in Trust	53	0	0	53	0	0	53
Total GF Reserves	72,288	65,841	(36,396)	101,733	25,977	(34,522)	93,188
HRA Service Reserves	31,921	9,791	(7,060)	34,652	8,407	(8,220)	34,839
Total Earmarked Reserves	107,404	76,167	(43,456)	140,115	34,384	(42,905)	131,594

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 waste management and the passenger transport Joint Venture. 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

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. The amounts of any unspent COVID-19 related grants that have been paid to the Council under Section 31 of the Local Government Act and where the Council has been deemed to be acting as a principal (see the accounting policy for Government grants and contributions in note 1) have been set aside.

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 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

Movements in 2020/21

	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 2020	403,772	283,855	16,713	3,514	3,540	23,558	734,952
Additions	10,262	15,636	5,534	23	572	6,971	38,998
Revaluations via Revaluation Reserve	12,984	(23,370)	0	0	4,122	0	(6,264)
Revaluations recognised in the CIES	(7,615)	(15,109)	(9)	0	60	(1,138)	(23,811)
Disposals	(675)	(810)	0	0	0	0	(1,485)
Transfers	(1,064)	5,353	0	0	5,587	(19,974)	(10,098)
Gross Book Value as at 31 March 2021	417,664	265,555	22,238	3,537	13,881	9,417	732,292
Accumulated Depreciation as at 1 April 2020	(28,562)	(17,439)	(7,170)	0	(17)	0	(53,188)
Depreciation	(6,012)	(6,140)	(1,682)	0	(4)	0	(13,838)
Written out to Revaluation Reserve	26,589	9,890	0	0	8	0	36,487
Written out to the CIES	1,854	2,937	0	0	15	0	4,806
On Disposals	10	14	0	0	0	0	24
On Transfers	84	(84)	0	0	0	0	0
Accumulated Depreciation at 31 March 2021	(6,037)	(10,822)	(8,852)	0	2	0	(25,709)
Net Book Value as at 31 March 2020	375,210	266,416	9,543	3,514	3,523	23,558	681,764
Net Book Value as at 31 March 2021	411,627	254,733	13,386	3,537	13,883	9,417	706,583

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):

2021/22		2020/21
Useful economic Life Years	Fixed Asset Category	Useful Economic Life Years
Between 1 and 59	Council Dwellings	Between 1 and 59
Between 1 and 60	Other Land & Buildings	Between 1 and 59
Between 1 and 48	Vehicles, Plant, Furniture and Equipment	Between 1 and 49
Not applicable	Community Assets	Not applicable
Between 1 and 60	Surplus Assets	Between 31 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.

A variety of assets were revalued this year, some as part of the 5-year rolling programme. The main assets were car parks, clubs, the travel centre, community centres, depots, libraries, museum, leisure centres, shelters, theatres, public conveniences, care homes, cemetery offices and the crematorium. The significant assumptions applied by the valuer in estimating their current values were:

- The data provided by the Council was accurate at 1 April 2021.
- 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.

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
2017/18	External	Whybrow and Dodds	Schools, Sports Pavilions, Park WCs, Park Messrooms, Day Centres, The Beach Club and Lagoon WCs.
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.

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.

Fair Value of Surplus Assets

The Council's surplus assets consist of sixteen development plots at the Airport Business Park (£9.699M) and six other land and building assets which are no longer in operational use (£6.421M).

The fair value of the development plots has been measured using the comparative approach, by means of calculating an expected value per acre, using the sales price

obtained for similar development plots in the past and applying this to the acreage of the development plots held.

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

- transaction data from previous development plot sales.
- prices at which development plots can currently achieve on the market.
- acreage of the development plots held.
- external valuers' professional judgement on current sales prices.

The Council's surplus assets 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 surplus assets, the highest and best use of the properties is their future potential use following disposal. The assets are not currently in use and therefore the current use is not considered to be the highest and best use.

The approach to surplus asset valuation in respect of development plots 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 relating to historical sales of the Authority's own development plots, market value growth observed in the Authority's wider asset portfolio, occupancy levels of similar assets held as investment properties, 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 market prices which can result in a significantly lower or higher fair value. The Council's development plot portfolio is relatively stable and there has been no change in the valuation techniques used for these assets in 2021/22 including the applicable ranges.

The fair value of the Authority's surplus asset portfolio is measured as part of a five-year rolling programme. 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 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)	2021/22	2020/21
At start of year	116,904	102,465
Additions	17,826	9,560
Impairment	(578)	(68)
Transfers	0	10,098
Depreciation	(5,372)	(5,151)
At end of year	128,780	116,904

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 impact of these changes to the useful lives applied across all the infrastructure assets categories is to decrease the current year’s depreciation by £1.700M (£4.366M in 2020/21). (£7.072M would have been recognised if the useful lives did not change and £5.372M has been recognised in the current year by applying the new useful lives.) The impact on future years will be recognised over the remaining life of the assets in line with the guidance issued.

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):

2021/22 Remaining Useful Economic Life Years	Infrastructure Asset Category	2020/21 Remaining Useful Economic Life Years
Between 14 and 42	Carriageways	Between 15 and 43
Between 22 and 36	Footways and Cycle Tracks	Between 23 and 37
Between 83 and 91	Structures	Between 84 and 92
Between 23 and 26	Street Lighting	Between 24 and 27
Between 13 and 16	Bus Shelters	Between 13 and 17
Between 18 and 21	Street Furniture	Between 19 and 22
Between 2 and 11	Traffic Management Systems	Between 3 and 12
Between 25 and 36	Sea/Coastal Defences	Between 26 and 37
Between 35 and 36	Offshore Leisure Facilities	Between 36 and 37
3 years	Cliff Stabilisation	Between 1 and 4
3 years	Parking Controls	Between 1 and 4
37 years	Security Management	38 years
30 years	Waste Infrastructure	31 years

Note 22. Intangible Assets

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

Purchased Software Licences	2021/22 £000	2020/21 £000
Gross carrying amount at start of year	17,652	16,087
Accumulated amortisation	(8,546)	(7,286)
Net carrying amount at start of year	9,106	8,801
Additions	2,182	1,565
Impairment	(492)	0
<u>Amortisation</u>		
For Current Year	(1,670)	(1,260)
Gross carrying amount at end of year	19,342	17,652
Accumulated amortisation	(10,216)	(8,546)
Net carrying amount at end of year	9,126	9,106

The useful lives for these assets (the number of years remaining over which they are depreciated on a straight-line basis) are between 1 and 20 years (*between 1 and 19 years for 2020/21*).

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 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

Movements in 2020/21

	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 2020	24,987	1,960	896	1,557	29,400
Additions	1,843	0	0	0	1,843
Revaluations recognised in the CIES	(182)	0	0	0	(182)
Gross Book Value as at 31 March 2021	26,648	1,960	896	1,557	31,061
Accumulated Depreciation as at 1 April 2020	(336)	(156)	0	0	(492)
Depreciation	(509)	(30)	0	0	(539)
Accumulated Depreciation as at 31 March 2021	(845)	(186)	0	0	(1,031)
Net Book Value as at 31 March 2020	24,651	1,804	896	1,557	28,908
Net Book Value as at 31 March 2021	25,803	1,774	896	1,557	30,030

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:

	2021/22	2020/21
	£000	£000
Balance at start of the year	39,113	41,004
Additions:		
Subsequent Expenditure	11	147
Transfers (to)/from Property, Plant and Equipment	(327)	0
Revaluations and impairments	(845)	(2,038)
Balance at end of the year	37,952	39,113

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 2021/22 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	31 March	31 March	31 March
	2022	2021	2022	2021
	£000	£000	£000	£000
Investments, Cash and Cash Equivalents				
Financial Assets at Amortised Cost	19	25	84,268	42,358
Financial Assets at Fair Value Through Profit or Loss	37,059	26,539	50,041	69,671
Total Investments	37,078	26,564	134,309	112,029
Debtors				
Financial Assets at Amortised Cost	6,953	5,767	41,645	44,644
Total Debtors	6,953	5,767	41,645	44,644
Borrowings				
Financial Liabilities at Amortised Cost	365,195	325,875	1,804	4,546
Total Borrowings	365,195	325,875	1,804	4,546
Creditors				
Financial Liabilities at Amortised Cost	17	14	40,165	34,776
Total Creditors	17	14	40,165	34,776

Reclassifications

There were no reclassifications of financial instruments during 2021/22.

Income, Expense, Gains and Losses

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

2020/21

	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	12,261	0	0	12,261
Fee Expense	3	0	118	121
Total Expense in Surplus or Deficit on the Provision of Services	12,264	0	118	12,382
Interest Income	0	(280)	(1,076)	(1,356)
Total Income in Surplus or Deficit on the Provision of Services	0	(280)	(1,076)	(1,356)
Net Gain/(Loss) for the year	12,264	(280)	(958)	11,026

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 2022 of 2.11% to 2.86% for loans from the Public Works Loan Board 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 2022		31 March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities	407,164	439,250	365,197	437,662
Long Term Creditors	17	17	14	14

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

	31 March 2022	31 March 2021
	Carrying Amount	Carrying Amount
	£000	£000
Financial Assets	213,032	183,237
Long Term Debtors	6,953	5,767

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 2022	31 March 2021
				£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	30,014	49,000
Enhanced Cash Fund	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	5,032	5,098
Short Dated Bond Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	14,996	15,573
Property Funds	Level 1	Unadjusted quoted prices in active markets for identical assets	Unit price of fund	37,374	26,812
Total Fair Value Through Profit of Loss				87,416	96,483

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 2022	31 March 2021
	£000	£000
Central government bodies	28,279	29,077
Local authorities	4,040	3,983
NHS bodies	1,394	7,034
Other entities and individuals	24,412	23,930
Total Debtors	58,125	64,024
Value of impairment included above	(16,200)	(14,656)

Note 27. Cash and Cash Equivalents

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

	31 March 2022	31 March 2021
	£000	£000
Cash and cash equivalents held by the Council	47,156	59,485
Other cash and cash equivalents held by the Council (Bank current accounts held by schools)	6,607	6,542
Euro bank account held by the Council	1	3
Total Cash and Cash Equivalents	53,764	66,030

The Euro bank account is used where the Council receives monies denominated in Euros and is also required to pay them out in Euros, therefore eliminating exchange rate risk on these transactions. At 31 March 2022 €0.001M was due to be paid out (€0.004M at 31 March 2021).

Note 28. Short Term Creditors

	31 March 2022	31 March 2021
	£000	£000
Central government bodies	49,818	45,875
Other local authorities	5,901	6,147
NHS bodies	200	1,537
Other entities and individuals	38,760	31,211
Total Creditors	94,679	84,770

Note 29. Provisions

	Insurance	Redundancy	Business Rate Appeals	Other Provisions	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2020	2,692	0	2,694	0	5,386
Additional provisions made in year	828	0	971	0	1,799
Amounts used in year	0	0	(1,176)	0	(1,176)
Unused amounts reversed in year	(792)	0	0	0	(792)
Balance at 31 March 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

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 2020/21 were met from the Council's contingency budget. A small provision has been made at 31 March 2022 for known management decisions regarding redundancies that were made in 2021/22 that have led to an obligation arising at 31 March 2022 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 2021/22 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.

	2021/22	2020/21
	£000	£000
Balance at 1 April	285,887	259,337
Upward revaluation of assets	45,406	76,380
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of services	(5,426)	(46,157)
Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the provision of services	39,980	30,223
Difference between fair value and historical cost depreciation	(3,940)	(2,828)
Balance attributable to disposal/write offs	(5,440)	(845)
Amount written off to the capital adjustment account	(9,380)	(3,673)
Balance at 31 March	316,487	285,887

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.

	2021/22	2020/21
	£000	£000
Balance at 1 April	208,006	220,423
<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	(29,120)	(37,645)
Amortisation of intangible assets	(1,670)	(1,260)
Revenue expenditure funded from capital under statute	(7,264)	(14,181)
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	(6,424)	(1,460)
	<hr/>	<hr/>
	(44,478)	(54,546)
Adjusting amounts written out of the revaluation reserve	9,380	3,673
Net written out amount of the cost of non-current assets consumed in the year	<hr/>	<hr/>
	(35,098)	(50,873)
<i>Capital financing applied in the year</i>		
Use of the capital receipts reserve to finance new capital expenditure	1,155	3,465
Use of the major repairs reserve to finance new capital expenditure	6,489	6,221
Capital grants and contributions credited to the comprehensive income and expenditure statement that have been applied to capital financing	19,037	18,814
Statutory provision for the financing of capital investment charges against the general fund and HRA balances	10,467	9,359
Capital expenditure charges against the general fund and HRA balances	3,875	2,635
	<hr/>	<hr/>
	41,023	40,494
Movement in the market value of investment properties debited or credited to the comprehensive income and expenditure statement	(845)	(2,038)
Balance at 31 March	213,086	208,006

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. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2021/22	2020/21
	£000	£000
Balance at 1 April	(169,636)	(144,522)
Remeasurements of the net defined benefit (liability)/asset	102,177	(8,230)
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	(36,389)	(32,613)
Employer's pensions contributions and direct payments to pensioners payable in the year	11,417	15,729
Balance at 31 March	(92,431)	(169,636)

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.

	2021/22	2020/21
	£000	£000
Capital Investments		
Property, Plant and Equipment (excluding Infrastructure Assets)	40,328	38,998
Infrastructure Assets	17,826	9,560
Investment Assets	11	147
Intangible Assets	2,182	1,565
Heritage Assets	1,869	1,843
Revenue Expenditure Funded from Capital Under Statute	7,264	14,181
Total Capital Investment	69,480	66,294
Sources of Finance		
Usable Capital Receipts	1,155	3,465
Government Grants and other Contributions	19,037	19,952
Sums set aside from Revenue:		
Direct Revenue Contributions	3,875	2,635
Major Repairs Reserve	6,489	6,221
Total Financing from Internal Resources	30,556	32,273
Credit arrangements	246	0
Un-supported Capital Borrowing	38,678	34,021
Total Financing from Borrowing/Credit Arrangements	38,924	34,021
Total Capital Financing	69,480	66,294
	2021/22	2020/21
	£000	£000
Opening Capital Financing Requirement	397,771	372,556
Explanation of Movement in Year		
Borrowing (unsupported by Government financial assistance)	38,678	34,021
Assets acquired under Finance Leases	246	0
Minimum Revenue Provision	(9,954)	(8,806)
Closing Capital Financing Requirement	426,741	397,771
of which		
General Fund CFR	327,553	298,680
Housing Revenue Account CFR	99,188	99,091
	426,741	397,771

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 2022	31 March 2021
	£000	£000
Not later than one year	2,908	3,021
Later than one year and not later than five years	10,837	9,843
Later than five years	109,282	107,918
	123,027	120,782

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 2021/22 no contingent rents were estimated to be receivable by the Council (2020/21 nil estimated).

Note 34. Downward Revaluation and Impairment Losses

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.

In the Comprehensive Income and Expenditure Statement, £12.542M of these impairment losses were recognised in the deficit on the provision of services and £5.427M were

recognised in Other Comprehensive Income and Expenditure and taken to the revaluation reserve.

In relation to 2020/21:

The Housing Revenue Account assets were revalued at 1 April 2020 as part of the rolling revaluation programme which led to a downward valuation or impairment loss of £32.215M in total.

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 £14.649M in total.

A market review was carried out at 31 March 2021 which led to a downward valuation or impairment loss of £3.316M in total.

An impairment review was also undertaken of capital additions of which £2.033M was considered not to increase the asset value and therefore was impaired.

As a result of the regular review of the fixed asset register and in light of the effect of the pandemic on the valuation of some assets, downward revaluations and impairments of £12.556M 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 £4.145M were identified within the Other Land and Buildings category of assets.

Note 35. Termination Benefits

The Council will be required to undergo a significant programme of service redesign involving, amongst other things, potential redundancy payment obligations that, although not yet identified, if required will be charged on an accruals basis 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 2021/22 the Council paid £2.8M (2020/21 £2.7M) to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (2020/21 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 £8,417 awarded in respect of the teachers' pension scheme in 2021/22 (2020/21 £2,769).

It is estimated that the Council will pay £2.8m to the Teachers' Pension Scheme in 2022/23 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 2021/22, the Council paid £0.253M (2020/21 £0.291M) 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 £0.210M to NHS Pensions in 2022/23.

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.

The Essex Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Essex County Council. Policy is determined in accordance with the Pensions Fund Regulations. The Pensions Committee is composed of two bodies; the Pension Strategy Board and the Investment Steering Committee. The Pension Strategy Board determines the Funding Strategy, agrees the Three-Year Business Plan and approves Employer admission arrangements. The Investment Steering Committee approves and reviews the Investment Strategy, including the determination of asset allocations and the appointment of external investment managers.

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

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:

	2021/22	2020/21
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	32,168	27,209
(Gain)/Loss from Settlement	(693)	364
Cost of Curtailments	827	485
Administrative Expense	278	334
Financing and Investment Income and Expenditure		
Net Interest Expense	3,809	4,221
Total post-employment benefit charged to the surplus or deficit on the provision of services	36,389	32,613
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(43,733)	(122,945)
Other actuarial gains	(10,347)	0
Change in financial assumptions	(34,716)	145,951
Change in demographic assumptions	(15,838)	(6,765)
Experience (gain)/loss on defined benefit obligation	2,457	(8,011)
Remeasurement and Other Comprehensive Income and Expenditure	(102,177)	8,230
Total post-employment benefit (credited)/charged to the Comprehensive Income and Expenditure Statement	(65,788)	40,843
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	65,788	(40,843)
Actual amount charges against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	11,417	15,729

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:

Actuarial Gains/(Losses)	31 March 2022	31 March 2021
	£000	£000
Present Value of the defined benefit obligation	726,542	744,796
Fair Value of Plan Assets	(634,111)	(575,160)
Net Liability arising from defined benefit obligation	92,431	169,636

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

	2021/22	2020/21
	£000	£000
Opening Balance at 1 April	744,796	587,121
Current Service Cost	32,168	27,209
Interest Cost	14,376	11,274
Contributions by Scheme Participants	3,934	3,700
Actuarial gains arising from changes in demographic assumptions	(15,838)	(6,765)
Actuarial (gains)/losses arising from changes in financial assumptions	(34,716)	145,951
Other	2,457	(8,011)
Losses of Curtailments	827	485
Benefits Paid	(19,880)	(17,115)
Liabilities extinguished on Settlements	(1,582)	947
Closing Balance at 31 March	726,542	744,796

Reconciliation of fair value of the scheme assets

	2021/22	2020/21
	£000	£000
Opening Balance at 1 April	575,160	442,599
Interest Income	10,567	7,053
The return on plan assets, excluding the amount included in the net interest expenses	43,733	122,945
Other Actuarial Gains	10,347	0
Employers Contributions	11,417	15,729
Contributions by Scheme Participants	3,934	3,700
Benefits Paid	(19,880)	(17,115)
Payment of Bulk Transfer Value	(889)	583
Administrative Expense	(278)	(334)
Closing Balance at 31 March	634,111	575,160

Local Government Pension Scheme assets

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

	31 March 2022		31 March 2021	
	£000		£000	
Equity Investments	376,314	59.3%	363,835	63.3%
Government Bonds	15,344	2.4%	14,654	2.5%
Other Bonds	27,535	4.3%	27,978	4.9%
Property	54,161	8.5%	40,533	7.0%
Cash/Liquidity	17,949	2.8%	14,488	2.5%
Alternative Assets	79,923	12.6%	66,105	11.5%
Other Managed Funds	62,885	9.9%	47,567	8.3%
	634,111	100%	575,160	100%

Of the listed equities allocation, 10% are UK investments, with 90% being overseas investments. All of the equities are listed.

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

The Other Bonds allocation consists entirely of UK corporate bonds.

Of the Property allocation, 28% is listed.

The Alternative Assets allocation is made up of 29% in Infrastructure, 17% in Private Equity, 10% in Timber, 4% in Private Debt, 33% in Other Managed Funds and 7% 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:

	2021/22	2020/21
Mortality assumptions:		
Longevity at 65 for Current Pensioners	21.0	21.6
Men	23.5	23.6
Women		
Longevity at 65 for Future Pensioners	22.3	22.9
Men	24.9	25.1
Women		
Rate of Inflation (RPI)	3.6%	3.2%
Rate of Inflation (CPI)	3.2%	2.8%
Rate of increases in salaries	4.2%	3.8%
Rate of increase in pensions	3.2%	2.8%
Rate for discounting scheme liabilities	2.6%	2.0%

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)	35,568	(33,782)
Rate of inflation (increase or decrease by 0.1%)	13,816	(13,409)
Rate of increase in salaries (increase of decrease by 0.1%)	972	(964)
Rate of increase in pensions (increase or decrease by 0.1%)	13,816	(13,409)
Rate of discounting scheme liabilities (increase or decrease by 0.1%)	(14,442)	14,890

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. The Council has 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 is due to be completed as at 31 March 2022. The scheme currently provides benefits based on career average revalued earnings.

The Council anticipates paying a £11.559M contribution to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 19 years (19 years 2020/21).

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 £84M 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 2022 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 2022		31 March 2021	
		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	84,287	0.00%	0.00%
Bonds and Other Securities	87,100	0.00%	0.00%	0	0
Customers	43,396	0.31%	0.35%	200	185

No credit limits were exceeded during the reporting period. Although the unit price of the externally managed enhanced cash fund and short dated bond funds decreased during 2021/22 due to market conditions these funds are being held into the medium 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 2022 £000	31 March 2021 £000
Less Than Three Months	4,855	12,599
Three To Six Months	558	951
Six Months To One Year	1,044	1,202
More Than One Year	5,560	4,749
Total	12,017	19,501

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 2022	31 March 2021
	£000	£000
Less than 1 year	12,503	15,140
Between 1 and 2 years	12,519	11,855
Between 2 and 5 years	66,113	43,236
Between 5 and 10 years	116,251	123,836
Between 10 and 15 years	89,341	91,992
Between 15 and 20 years	53,267	62,170
More than 20 years	262,037	207,276
Total Cost of Loans Over Their Life	612,031	555,505
This total consists of:		
Principal Amount of Loans	355,721	318,864
Future Interest Element	256,310	236,641
Total Cost of Loans Over Their Life	612,031	555,505

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 2022, 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	(1,643)
Increase in government grant receivable for financing costs	0
Impact on Surplus or Deficit on the Provision of Services	(1,643)
Share of overall impact debited to the HRA	(23)
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)	(54,582)

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:

	2021/22	2020/21
	£000	£000
Interest paid	12,248	12,346
Interest received	(1,563)	(1,755)
Net Cash Flows from Interest Paid and Received	10,685	10,591

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:

	2021/22	2020/21
	£000	£000
Depreciation of Non-Current Assets	(19,990)	(19,529)
Downward Revaluation and Impairment Losses on Non-Current Assets	(9,130)	(18,116)
Amortisations	(1,670)	(1,260)
Increase in impairment for provision for bad debts	(1,896)	(2,670)
Increase in Creditors	(10,096)	(33,653)
Decrease)/Increase in Debtors	(2,780)	22,135
(Decrease)/Increase in Inventories	(9)	189
Net retirement benefits per IAS19	(24,972)	(16,884)
Carrying amount of assets disposed/sold	(6,424)	(1,460)
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	724	169
Movements in the value of investment properties	(845)	(2,038)
Removal of Council Tax and Business Rates Agency Adjustments from Comprehensive Income and Expenditure Statement	8,999	(12,216)
Other	1	(2)
Net Cash Flow Adjustments	(68,088)	(85,335)

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

	2021/22	2020/21
	£000	£000
Capital Grants credited to deficit on the provision of services	25,333	28,119
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,500	1,404
Proceeds from short-term and long-term investments	392	355
Net Cash Flow Adjustments	28,225	29,878

Note 42. Cash Flow Statement - Investing Activities

	2021/22	2020/21
	£000	£000
Purchase of property, plant and equipment, investment property and intangible assets	61,970	50,975
Purchase of short-term and long-term investments	70,079	15,000
Proceeds from the sale of property, plant and equipment, investment properties and intangible assets	(2,500)	(1,404)
Proceeds from short-term and long-term investments	(25,449)	(25,752)
Other receipts from investing activities	(25,333)	(28,119)
Net Cash Flow from Investing Activities	78,767	10,700

Note 43. Cash Flow Statement - Financing Activities

	2021/22	2020/21
	£000	£000
Cash receipts of short and long-term borrowing	(40,000)	(6)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	257	282
Repayments of short and long-term borrowing	3,143	112
Council Tax and Non-Domestic Rates agency adjustments	(8,999)	12,216
Repayments of ECC transferred debt	513	553
Net Cash Flow from Financing Activities	(45,086)	13,157

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 2021/22 and those received but not yet applied as at 31 March 2022 are set out in Note 18.

In addition, the Council works in partnership with NHS Southend Clinical Commissioning Group 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 2021/22 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

One officer acted as Board member to three of the Council's wholly owned subsidiaries – Southend Trading Corporation Limited, Southend Business Services Limited, and 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 officer does 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 two of the Council's joint ventures – Porters Place Southend-on-Sea LLP 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 2022 there was a net deficit of £1.558M (*£6.781M at 31 March 2021*) in respect of South Essex Homes Limited's pension liabilities. As at 31 March 2022 South Essex Homes Limited also had a retained surplus of £3.369M (*£3.319M at 31 March 2021*) 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 2022 there was a

net deficit of £5.422M (*£7.465M as at 31 March 2021*) in respect of Southend Care Limited's pension liabilities. As at 31 March 2022 Southend Care Ltd also had a retained surplus of £1.259M (*£1.054M retained surplus at 31 March 2021*) 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, a wholly owned subsidiary of Swan Housing Association, with the purpose to regenerate the Queensway Estate and surrounding environs. All transactions with the partnership are recorded in the notes to the consolidated group accounts.

Note 45. Contingent Liabilities

The Council has no contingent liabilities.

HOUSING REVENUE ACCOUNT

HRA Income and Expenditure Statement

2020/21		2021/22
£000		£000
	Income	
(26,138)	Dwelling Rents (Gross)	(26,423)
(1,398)	Non Dwelling Rents (Gross)	(1,527)
(668)	Charges for Services and Facilities	(650)
(3,100)	Revaluation Gains (to reverse previous impairment charges)	(1,973)
(31,304)	Total Income	(30,573)
	Expenditure	
5,336	Repairs and Maintenance	6,370
7,188	Supervision and Management	7,625
861	Rents, Rates, Taxes and other Charges	799
326	Provision for Bad and Doubtful Debts	199
14,836	Depreciation and impairment on Council Dwellings <i>(HRA Note 3)</i>	7,386
400	Depreciation and impairment on Other Assets <i>(HRA Note 3)</i>	153
31	Debt Management Expenses	25
28,978	Total Expenditure	22,557
(2,326)	Net income of HRA services as included in the whole authority Comprehensive Income and Expenditure Account	(8,016)
200	HRA services share of Corporate and Democratic Core	204
(2,126)	Net Income of HRA Services	(7,812)
(554)	(Profit) on Sale of HRA Long Term Assets	(983)
3,224	Interest Payable and Similar Charges	3,156
(783)	General Grants	(2,043)
(150)	Interest Receivable	(88)
(389)	Surplus for the year on HRA services	(7,770)

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.

2020/21		2021/22
£000		£000
(389)	Surplus for the year on the Housing Revenue Account Income And Expenditure Account	(7,770)
(2,342)	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year	7,583
2,731	Transfer to Earmarked Reserves	187
(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

2020/21		2021/22
£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	
554	Profit on Sale of HRA Long Term Assets	983
1,072	General Grants / Service Grants	2,314
	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	
(5,987)	Transfer (from)/to Capital Adjustment Account - Revaluations	1,251
(204)	Transfer from Capital Adjustment Account - REFCUS	(90)
2,223	Revenue Contribution to Capital	3,125
2,731	Transfer to Earmarked Reserves	187
389	Net Additional Amount required to be credited to the Housing Revenue Account Balance for the year	7,770

Notes to the HRA

HRA Note 1. Analysis of Housing Stock

	Number of Properties 31 March 2022	Number of Properties 31 March 2021
Houses And Bungalows	2,095	2,097
Flats	3,841	3,829
Total Houses and Flats	5,936	5,926
Homelessness Hostel Bedsits - Room only	125	123
	6,061	6,049

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.

	2021/22 £000	2020/21 £000
Balance at 1 April	8,067	8,139
Transfers In	6,817	6,149
Used To Fund Capital (Council Dwellings)	(6,489)	(6,221)
Balance at 31 March	8,395	8,067

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.

	2021/22	2020/21
	£000	£000
Item 8 Debit		
<u>Depreciation</u>		
Council Dwellings	6,664	5,996
Other Assets	153	153
<u>Impairment</u>		
Council Dwellings	722	8,840
Other Assets	0	247
Total Depreciation and Impairment	7,539	15,236
Debt Management Expenses	25	31
Loan Interest Payable	3,156	3,224
Item 8 Credit		
Interest Receivable	(88)	(150)
<u>Revaluation Gains</u>		
Council Dwellings	(1,688)	(2,061)
Other Assets	(285)	(1,039)
Appropriation To/(From) Capital Adjustment Account - Revaluations	1,251	(5,987)
Appropriation From Capital Adjustment Account - REFCUS	(90)	(204)
Net Effect On HRA	9,820	9,050

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 2021 amounted to £727.0M. 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 2021	416,043	10,799	162	913	427,917
Accumulated Depreciation as at 31 March 2021	(6,043)	(153)	0	0	(6,196)
Net Book Value as at 31 March 2021	410,000	10,646	162	913	421,721
Additions	11,467	233	931	0	12,631
Disposals	(1,454)	0	0	0	(1,454)
Transfers	877	0	(877)	0	0
Revaluations via Revaluation Reserve	30,547	65	0	0	30,612
Revaluations recognised in I&E	1,252	0	0	0	1,252
<u>Depreciation</u>					
For Current Year	(6,664)	(153)	0	0	(6,817)
Disposals	41	0	0	0	41
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

HRA Note 5. Capital Expenditure

	2021/22 £000	2020/21 £000
Purchase, construction or enhancement of Council Dwellings	12,631	10,386
REFCUS	90	204
Total HRA Capital Expenditure	12,721	10,590
<u>Financed by:-</u>		
Usable Capital Receipts	877	862
Total Financed By Capital Receipts	877	862
<u>Revenue contributions:-</u>		
General Reserves	3,125	2,223
Major Repairs Reserve	6,489	6,221
Third Party	1,089	670
Capital Grant	1,043	340
Total Revenue Contributions	11,746	9,454
<u>Funded by Borrowing</u>	98	274
Total Capital Expenditure	12,721	10,590

THE COLLECTION FUND

The Collection Fund

2020/21 £000 Council Tax	2020/21 £000 NNDR	2020/21 £000 Total		2021/22 £000 Council Tax	2021/22 £000 NNDR	2021/22 £000 Total	Collection Fund Note
INCOME							
103,146	0	103,146	Income from Council Tax	107,859	0	107,859	1
0	17,286	17,286	Income Collectable from Business Ratepayers adjusted for Transitional Payment Protection payable	0	27,892	27,892	2
103,146	17,286	120,432	Total Income	107,859	27,892	135,751	
EXPENDITURE							
Precepts and Demands							
84,795	0	84,795	Southend-on-Sea City Council	88,079	0	88,079	
11,655	0	11,655	Essex Police Authority	12,226	0	12,226	
4,336	0	4,336	Essex Fire Authority	4,332	0	4,332	
Business Rates							
0	21,514	21,514	Payments to Government	0	21,926	21,926	
0	430	430	Payments to Fire Authority	0	439	439	
0	21,083	21,083	Payments to Southend-on-Sea City Council	0	21,487	21,487	
0	224	224	Costs of Collection	0	218	218	
Doubtful Debt and Appeals Provisions							
1,806	1,213	3,019	Top-up of Doubtful Debt Provision	429	(435)	(6)	
112	87	199	Write-off of Debt	265	348	613	
0	1,981	1,981	NNDR Provisions for Appeals	0	923	923	
0	(2,399)	(2,399)	NNDR Settlement of Appeals	0	(2,424)	(2,424)	
102,704	44,133	146,837	Total Expenditure	105,331	42,482	147,813	
USE OF BALANCES							
Council Tax							
2,000	0	2,000	Southend-on-Sea City Council	1,500	0	1,500	
278	0	278	Council Tax – Essex Police Authority	208	0	208	
104	0	104	Council Tax – Essex Fire Authority	78	0	78	
Business Rates							
0	(186)	(186)	Government	0	(13,192)	(13,192)	
0	(182)	(182)	Southend-on-Sea City Council	0	(12,929)	(12,929)	
0	(3)	(3)	Essex Fire Authority	0	(264)	(264)	
(1,940)	(26,476)	(28,416)	(Deficit)/Surplus for the year	742	11,795	12,537	

2020/21 £000 Council Tax	2020/21 £000 NDR	2020/21 £000 Total		2021/22 £000 Council Tax	2021/22 £000 NDR	2021/22 £000 Total
COLLECTION FUND BALANCE						
9,125	(1,819)	7,306	Balance brought forward at 1 April	7,185	(28,295)	(21,110)
(1,940)	(26,476)	(28,416)	(Deficit)/Surplus for the year (as above)	742	11,795	12,537
7,185	(28,295)	(21,110)	Balance Carried Forward at 31 March	7,927	(16,500)	(8,573)
ALLOCATED TO:						
0	(14,147)	(14,147)	Government	0	(8,250)	(8,250)
837	0	837	Police Authority	931	0	931
301	(283)	18	Fire Authority	324	(165)	159
6,047	(13,865)	(7,818)	Southend-on-Sea City Council	6,672	(8,085)	(1,413)
7,185	(28,295)	(21,110)	Balance Carried Forward at 31 March	7,927	(16,500)	(8,573)

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 (£1,827.72 for the Leigh-on-Sea Town Council area and £1,777.14 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 2021/22 Leigh-on-Sea Town Council Area	Council Tax 2021/22 All other parts of the city	Ratio to Band D
	£	£	£	
A	Up to and including 40,000	1,218.48	1,184.76	6/9
B	40,001 - 52,000	1,421.56	1,382.22	7/9
C	52,001 - 68,000	1,624.64	1,579.68	8/9
D	68,001 - 88,000	1,827.72	1,777.14	1
E	88,001 - 120,000	2,233.88	2,172.06	11/9
F	120,001 - 160,000	2,640.04	2,566.98	13/9
G	160,001 - 320,000	3,046.20	2,961.90	15/9
H	More than 320,000	3,655.44	3,554.28	18/9
Band D		2020/21	2021/22	% increase
		£	£	
Southend-on-Sea City Council		1,437.39	1,494.72	3.99
Essex Police Authority		198.63	208.53	4.98
Essex Fire Authority		73.89	73.89	-
Total for Other than Leigh-on-Sea Town Council Area		1,709.91	1,777.14	3.93
Leigh-on-Sea Town Council		50.58	50.58	-
Total for Leigh-on-Sea Town Council Area		1,760.49	1,827.72	3.82

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*	7.25	5/9	4.03
Valuation Band - A	10,679.43	6/9	7,119.62
Valuation Band - B	11,903.71	7/9	9,258.44
Valuation Band - C	20,136.80	8/9	17,899.38
Valuation Band - D	11,072.49	9/9	11,072.49
Valuation Band - E	6,089.50	11/9	7,442.71
Valuation Band - F	3,434.94	13/9	4,961.58
Valuation Band - G	1,498.23	15/9	2,497.05
Valuation Band - H	94.25	18/9	188.50
	64,916.60		60,443.80

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.	1,813.31
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* Reductions For Band A Disabled.

Council Tax Base	58,630.49
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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 2021/22 (*51.2p in 2020/21*) with a small business rate of 49.9p in 2021/22 (*49.9p in 2020/21*) 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 £29,262,498 for 2021/22 (*£16,180,820 for 2020/21*). The year-end rateable value for the Council's area was £119,777,228 at 31 March 2022 (*£120,485,358 at 31 March 2021*).

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

Within the Collection Fund there are the following provisions.

- A provision of £5.559M as at 31 March 2022 for bad and doubtful debts for Council Tax (£5.130M as at 31 March 2021)
- A provision of £1.342M as at 31 March 2022 for bad and doubtful debts for NNDR (£1.777M as at 31 March 2021). Under business rate retention arrangements, 49% of this provision is attributable to the Council.
- A provision of £3.578M as at 31 March 2022 for the potential impact of successful appeals by businesses against their rateable values (£5.080M as at 31 March 2021). 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 £7.927M 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 £16.500M 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 2022	31 March 2021
	£000	£000
Council Tax - Southend-on-Sea City Council	6,672	6,047
Council Tax - Essex Police Authority	931	837
Council Tax - Essex Fire Authority	324	301
NNDR - Southend-on-Sea City Council	(8,085)	(13,865)
NNDR – Government	(8,250)	(14,147)
NNDR - Essex Fire Authority	(165)	(283)
Total	(8,573)	(21,110)

	31 March 2022	31 March 2021
	£000	£000
Shown on Balance Sheet as:		
Collection Fund Adjustment Account	(1,413)	(7,818)
Creditors Falling Due Within One Year	(7,160)	(13,292)
Total	(8,573)	(21,110)

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 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. This had the direct impact of reducing the level of business rate income collectable within the Council's Collection Fund. Across both 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 2021/22 there was an in-year surplus of £11.795M, which reduced the deficit to be carried forward into 2022/23 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 2022, 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 of 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 has 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

The Council participates 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 (formerly BV Strategies Facilitating Ltd) 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.

At the 31 March 2022, Porters Place Southend-on-Sea LLP was the 30-year partnership with Swan Housing Association and their wholly owned subsidiary Swan BQ Limited, with the purpose to regenerate the Queensway Estate and surrounding environs. The partnership was exercised by

the Council being a member of Porters Place Southend-on-Sea LLP, where it held 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. Up to 2020/21 the Porters Place Southend-on-Sea LLP was consolidated into the group accounts on the basis that the joint venture would become material as the years progressed and was deemed material in a qualitative sense as Better Queensway is the largest housing and regeneration project the Council has undertaken since the 1960's. However, given the withdrawal of Sanctuary from the Better Queensway project, this LLP is no longer consolidated. Please see the Events after the Balance Sheet date disclosure note 5 earlier in these accounts for further details.

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 2022, 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 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

	2020/21 Restated					2021/22	
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
27,775	(23,047)	4,728	Leader		37,646	(26,904)	10,742
33,011	(15,550)	17,461	Deputy Leader		30,040	(18,342)	11,698
80,816	(34,975)	45,841	Adult Social Care and Health Integration		96,309	(36,627)	59,682
95,924	(58,376)	37,548	Children and Learning		99,221	(52,855)	46,366
40,231	(24,621)	15,610	Communities and Housing		30,828	(22,241)	8,587
70,568	(63,297)	7,271	Corporate Services and Performance Delivery		69,641	(59,008)	10,633
17,349	(3,952)	13,397	Environment, Culture, Tourism and Planning		18,009	(6,164)	11,845
24,249	(5,503)	18,746	Public Protection		26,507	(7,278)	19,229
389,923	(229,321)	160,602	Net Cost of General Fund Services		408,201	(229,419)	178,782
32,574	(36,562)	(3,988)	Local Authority Housing (HRA)		26,143	(35,992)	(9,849)
32,574	(36,562)	(3,988)	Net Cost of Housing Revenue Account Services		26,143	(35,992)	(9,849)
422,497	(265,883)	156,614	Cost of Services		434,344	(265,411)	168,933
		1,610	Other Operating Expenditure				5,985
		17,004	Financing and Investment Income and Expenditure				10,562
		(166,541)	Taxation and Non-Specific Grant Income				(166,299)
		8,687	Deficit on Provision of Services				19,181
		0	Tax Expenses of Subsidiary				0
		8,687	Group Deficit				19,181
		(30,223)	Surplus or Deficit on Revaluation of Property, Plant and Equipment Assets				(39,980)
		10,746	Actuarial gains/losses on Pension Assets/Liabilities	6			(110,978)
		(19,477)	Other Comprehensive Income and Expenditure				(150,958)
		(10,790)	Total Comprehensive Income and Expenditure				(131,777)

Group Movement in Reserves

	Usable Reserves £000	Unusable Reserves £000	Total Group Reserves £000
Balance at 31 March 2020	169,752	350,159	519,911
Movement in Reserves during 2020/21			
Deficit on the Provision of Services	(8,687)	0	(8,687)
Other Comprehensive Income and Expenditure	0	19,477	19,477
Total Comprehensive Income and Expenditure	(8,687)	19,477	10,790
Adjustments between accounting basis and funding basis under regulations	50,560	(50,560)	0
Net Increase before Transfers to reserves	41,873	(31,083)	10,790
Transfers to / from Earmarked Reserves	0	(821)	(821)
Increase in 2020/21	41,873	(31,904)	9,969
Balance at 31 March 2021	211,625	318,255	529,880
Movement in Reserves during 2021/22			
Deficit on the Provision of Services	(19,181)	0	(19,181)
Other Comprehensive Income and Expenditure	0	150,958	150,958
Total Comprehensive Income and Expenditure	(19,181)	150,958	131,777
Adjustments between accounting basis and funding basis under regulations	19,680	(19,680)	0
Net Increase before Transfers to reserves	499	131,278	131,777
Transfers to / from Earmarked Reserves	(1,113)	2,250	1,137
Increase in 2021/22	(614)	133,528	132,914
Balance at 31 March 2022	211,011	451,783	662,794

Group Balance Sheet

31 March 2021 £000	Notes	31 March 2022 £000
720,675	Property, Plant & Equipment (excluding infrastructure assets)	772,356
116,904	Infrastructure Assets	128,780
34,052	Heritage Assets	5 34,888
39,679	Investment Property	38,518
9,106	Intangible Assets	9,126
26,564	Long Term Investments	37,078
3,517	Long Term Debtors	6,953
950,497	Long Term Assets	1,027,699
50,558	Short term Investments	85,111
0	Assets Held for Sale	0
2,475	Inventories	187
60,467	Short Term Debtors	53,435
69,079	Cash and Cash Equivalents	57,627
182,579	Current Assets	196,360
(4,546)	Short Term Borrowings	(1,804)
(80,340)	Short Term Creditors	(88,084)
(5,217)	Provisions	(4,493)
(90,103)	Current Liabilities	(94,381)
(3,336)	Long Term Creditors	(2,278)
(315,721)	Long Term Borrowing	(355,554)
(183,882)	Other Long Term Liabilities - Pensions	6 (99,411)
(10,154)	Other Long Term Liabilities - Other	(9,641)
(513,093)	Long Term Liabilities	(466,884)
529,880	Net Assets	662,794
211,625	Usable Reserves	211,011
318,255	Unusable Reserves	451,783
529,880	Total Reserves	662,794

Group Cash Flow Statement

2020/21 £000		2021/22 £000
8,687	Net Deficit on the Provision of Services	19,181
(86,544)	Adjustments to Net Surplus or Deficit on the Provision of Services for non-cash Movements	(69,676)
29,853	Adjustments for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	28,217
<u>(48,004)</u>	Net cash flows from Operating Activities	<u>(22,278)</u>
11,219	Investing Activities	78,773
<u>13,157</u>	Financing Activities	<u>(45,043)</u>
(23,628)	Net (Increase)/Decrease in Cash and Cash Equivalents	11,452
(45,451)	Cash and Cash Equivalents at the beginning of the Reporting Period	(69,079)
(69,079)	Cash and Cash Equivalents at the end of the Reporting Period	(57,627)

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

South Essex Homes Limited – Company registration number 05453601

Southend Care Limited – Company registration number 10138562

Group Note 2 Financial Performance

Subsidiary Companies

	2021/22			2020/21		
	South Essex Homes Ltd	Southend Care Ltd	Total	South Essex Homes Ltd	Southend Care Ltd	Total
	£000	£000	£000	£000	£000	£000
Income	(13,145)	(8,758)	(21,903)	(12,882)	(8,837)	(21,719)
Expenditure	13,988	9,195	23,183	13,285	8,445	21,730
Current Assets	7,762	3,143	10,905	6,930	2,409	9,339
Current Liabilities	(4,393)	(1,634)	(6,027)	(3,611)	(1,230)	(4,841)
Long Term Liabilities	(1,558)	(5,672)	(7,230)	(6,781)	(7,590)	(14,371)
Net Assets	1,811	(4,163)	(2,352)	(3,462)	(6,411)	(9,873)
Usable Reserves	3,369	1,259	4,628	3,319	1,054	4,373
Unusable Reserves	(1,558)	(5,422)	(6,980)	(6,781)	(7,465)	(14,246)
Total Reserves	1,811	(4,163)	(2,352)	(3,462)	(6,411)	(9,873)

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.

Joint Ventures

	2021/22		2020/21	
	Porters Place Southend-on- Sea LLP - 50%	Total	Porters Place Southend-on- Sea LLP 50%	Total
	£000	£000	£000	£000
Income			0	0
Expenditure			8	8
Current Assets	Not consolidated		2,369	2,369
Current Liabilities			(131)	(131)
Long Term Liabilities			(1,125)	(1,125)
Net Assets	0	0	1,113	1,113
Usable Reserves			1,113	1,113
Unusable Reserves	Not consolidated		0	0
Total Reserves	0	0	1,113	1,113

Trust Funds

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	590	0	10	11,035	13,328
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	1,288	131	1	7	1	517	1	3,519	5,465
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(10)
Net Assets	3,256	153	1,125	2,483	674	998	10	14,551	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

2020/21	Beecroft Art Gallery	Jones Memorial Trust	Palace Theatre Charity	Prittlewell 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	(69)	(43)	(68)	(118)	(164)	(46)	(35)	(398)	(941)
Expenditure	69	43	81	266	201	4	35	555	1,254
Property, Plant and Equipment	375	23	1,174	572	627	0	10	11,311	14,092
Heritage Assets	1,969	0	0	2,053	0	0	0	0	4,022
Investment Property	0	0	0	0	84	482	0	0	566
Other Current Assets	1	131	1	7	1	480	1	3,410	4,032
Other Liabilities	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(3)	(10)
Net Assets	2,344	153	1,174	2,631	711	961	10	14,718	22,702
Usable Reserves	0	130	0	578	0	479	0	9,294	10,481
Unusable Reserves	2,344	23	1,174	2,053	711	482	10	5,424	12,221
Total Reserves	2,344	153	1,174	2,631	711	961	10	14,718	22,702

Group Note 3 Intercompany transactions

South Essex Homes Limited

The Council paid fees of £6.486M to South Essex Homes Limited for the management of its housing stock, together with £0.297M in respect of other services.

The Council provides several services for its subsidiary for which South Essex Homes Limited paid £1.118M. These transactions have been removed from the Group Comprehensive Income and Expenditure Statement.

Southend Care Limited

The Council paid fees of £8.469M 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 £0.056M. 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 £0.898M in 2021/22. 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 on page 44. The categories of asset affected are as follows:

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	10,413	1,398
Gross Book Value as at 31 March 2022	285,092	29,563
Accumulated Depreciation as at 1 April 2021	(12,869)	(8,986)
Depreciation	(4,431)	(3,303)
Written out to Revaluation Reserve	3,406	0
Written out to the CIES	2,817	0
On Disposals	1,448	44
On Transfers	3,363	(224)
Accumulated Depreciation as at 31 March 2022	(6,266)	(12,469)
Net Book Value as at 31 March 2021	267,979	14,231
Net Book Value as at 31 March 2022	278,826	17,094

Movements in 2020/21	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000
Cost or Valuation as at 1 April 2020	299,148	17,657
Additions	15,880	5,569
Revaluations via Revaluation Reserve	(23,370)	0
Revaluations recognised in the CIES	(15,353)	(9)
Disposals	(810)	0
Transfers	5,353	0
Gross Book Value as at 31 March 2021	280,848	23,217
Accumulated Depreciation as at 1 April 2020	(19,137)	(7,265)
Depreciation	(6,489)	(1,721)
Written out to Revaluation Reserve	9,890	0
Written out to the CIES	2,937	0
On Disposals	14	0
On Transfers	(84)	0
Accumulated Depreciation as at 31 March 2021	(12,869)	(8,986)
Net Book Value as at 31 March 2020	280,011	10,392
Net Book Value as at 31 March 2021	267,979	14,231

Group Note 5 Heritage Assets

The Heritage Assets line of the Group Balance Sheet is significantly different from the single entity's Balance Sheet on page 44. The categories of asset affected are as follows:

	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
Movements in 2021/22	£000	£000	£000	£000	£000
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

	Historic Seaside Assets	Heritage Land & Buildings	Antiques & Collectables	Museum Collections	Total Heritage Assets
	£000	£000	£000	£000	£000
Movements in 2020/21					
Cost or Valuation as at 1 April 2020	24,987	5,573	2,865	1,557	34,982
Additions	1,843	0	0	0	1,843
Revaluations via Revaluation Reserve	0	0	0	0	0
Revaluations recognised in the CIES	(182)	0	0	0	(182)
Gross Book Value as at 31 March 2021	26,648	5,573	2,865	1,557	36,643
Accumulated Depreciation as at 1 April 2020	(336)	(1,595)	0	0	(1,931)
Depreciation	(509)	(151)	0	0	(660)
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 2021	(845)	(1,746)	0	0	(2,591)
Net Book Value as at 31 March 2020	24,651	3,978	2,865	1,557	33,051
Net Book Value as at 31 March 2021	25,803	3,827	2,865	1,557	34,052

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:

	2021/22 £000	2020/21 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current Service Cost	34,499	28,995
(Gain) / Loss from Settlement	(693)	470
Cost of Curtailments	844	801
Administration Expense	310	366
Financing and Investment Income and Expenditure		
Net Interest Expense	4,086	4,457
Total post-employment benefit charged to the surplus or deficit on the provision of services	39,046	35,089
Other post-employment benefit charged to the comprehensive income and expenditure statement		
Return on plan assets in excess of interest	(48,906)	(136,133)
Other actuarial gains	(10,347)	0
Change in financial assumptions	(38,517)	163,103
Change in demographic assumptions	(15,838)	(7,439)
Experience (gain)/loss on defined benefit obligation	2,630	(8,784)
Remeasurements and Other Comprehensive Income and Expenditure	(110,978)	10,747
Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement	(71,932)	45,836
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	71,932	(45,836)
Actual amount charged against the General Fund Balance for Pensions in the year		
Employer's contributions payable to scheme	12,539	16,959

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)	2021/22 £000	2020/21 £000
Present Value of the defined benefit obligation	804,338	824,278
Fair Value of Plan Assets	(704,927)	(640,093)
Net Liability arising from defined benefit obligation	99,411	184,185

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

	2021/22 £000	2020/21 £000
Opening Balance at 1 April	824,278	647,571
Current Service Cost	34,499	28,995
Interest Cost	15,641	12,710
Contributions by Scheme Participants	4,255	4,055
Remeasurement Gains and Losses		
Actuarial gains arising from changes in demographic assumptions	(15,838)	(7,439)
Actuarial (gains) / losses arising from changes in financial assumptions	(38,517)	163,103
Other	2,630	(8,784)
Losses on Curtailments	844	801
Benefits Paid	(21,872)	(18,512)
Liabilities extinguished on Settlements	(1,582)	1,778
Closing Balance at 31 March	804,338	824,278

Reconciliation of fair value of the scheme assets

Local Government Pension Scheme assets

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

	2021/22 £000	2020/21 £000
Opening Balance at 1 April	640,093	492,263
Interest Income	11,858	8,253
The return on plan assets, excluding the amount included in the net interest expense	48,906	136,133
Other Actuarial Gains	10,347	0
Employer Contributions	12,539	16,959
Contributions by Scheme Participants	4,255	4,055
Benefits Paid	(21,872)	(18,512)
Payment of Bulk Transfer Value	(889)	1,308
Administrative Expense	(310)	(366)
Closing Balance at 31 March	704,927	640,093

Impact on the Council's Cash Flows

The Group anticipates paying a £12.659M contribution to the scheme in 2022/23.

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 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					
Aylen	S	1,041.86	0.00	0.00	1,041.86
Ayling	B	1,041.86	573.02	0.00	1,614.88
Beck	J	8,665.25	0.00	0.00	8,665.25
Beggs	B	8,436.55	0.00	0.00	8,436.55
Berry	M	8,436.55	409.15	0.00	8,845.70
Borton	M	9,453.00	12,597.70	0.00	22,050.70
Boyd	H	9,453.00	409.15	0.00	9,862.15
Bright	A	7,547.15	0.00	0.00	7,547.15
Buck	K	9,453.00	64.80	0.00	9,517.80
Buckley	S	8,436.55	0.00	0.00	8,436.55
Burton	L	9,453.00	9,088.71	0.00	18,541.71
Burzotta	D	1,041.86	0.00	0.00	1,041.86
Chalk	A	1,041.86	0.00	0.00	1,041.86
Collins	P	9,453.00	9,412.71	0.00	18,865.71
Courtenay	J	8,436.55	0.00	0.00	8,436.55
Cowan	D	9,453.00	64.80	0.00	9,517.80
Cowdrey	T	8,436.55	2,045.63	0.00	10,482.18
Cox	T	9,453.00	9,453.00	0.00	18,906.00
Davidson	M	9,453.00	2,363.04	0.00	11,816.04
Dear	A	9,453.00	2,045.63	0.00	11,498.63
Dent	M	9,453.00	2,045.63	0.00	11,498.63
Evans	K	9,453.00	0.00	0.00	9,453.00
Evans	M	9,453.00	0.00	0.00	9,453.00
Flewitt	M	1,041.86	364.65	0.00	1,406.51
Folkard	N	9,453.00	881.83	0.00	10,334.83
Garne	D	9,453.00	0.00	0.00	9,453.00
Garston	D	9,453.00	7,089.72	0.00	16,542.72
George	S	9,453.00	0.00	0.00	9,453.00
Gilbert	I	9,453.00	31,061.40	0.00	40,514.40
Habermel	S	9,453.00	409.15	0.00	9,862.15
Harp	T	9,453.00	1,619.94	0.00	11,072.94
Hooper	B	9,453.00	0.00	0.00	9,453.00
Jarvis	D	9,453.00	0.00	0.00	9,453.00
Jones	A	9,453.00	10,676.89	0.00	20,129.89
Jones	D	711.52	0.00	0.00	711.52
Kelly	M	9,453.00	0.00	0.00	9,453.00
Lamb	J	9,453.00	1,943.97	0.00	11,396.97
Line	A	8,436.55	0.00	0.00	8,436.55
McDonald	H	1,041.86	625.12	0.00	1,666.98
McGlone	D	9,453.00	0.00	0.00	9,453.00
Mitchell	K	9,453.00	4,500.31	0.00	13,953.31
Moring	A	9,453.00	7,089.72	0.00	16,542.72
Moyies	J	8,436.55	0.00	0.00	8,436.55

Mulroney	C	9,453.00	10,676.89	0.00	20,129.89
Nelson	D	9,453.00	0.00	0.00	9,453.00
Nevin	C	9,453.00	9,412.71	0.00	18,865.71
Robinson	K	9,453.00	4,483.77	0.00	13,936.77
Salter	L	9,453.00	7,089.72	0.00	16,542.72
Shead	I	9,453.00	0.00	0.00	9,453.00
Stafford	M	9,453.00	2,363.28	0.00	11,816.28
Terry	M	9,453.00	10,676.89	0.00	20,129.89
Thompson	D	9,453.00	4,909.46	0.00	14,362.46
Wakefield	S	9,453.00	0.00	0.00	9,453.00
Walker	C	9,453.00	0.00	0.00	9,453.00
Ward	N	9,453.00	9,453.00	0.00	18,906.00
Warren	J	8,436.55	0.00	0.00	8,436.55
Wexham	P	9,453.00	0.00	0.00	9,453.00
Woodley	R	9,453.00	15,585.47	111.70	25,150.17

Co-opted Members

Collis	J	0.00	276.96	0.00	276.96
Morgan	J	0.00	1,182.00	0.00	1,182.00
Pandya	K	0.00	1,182.00	0.00	1,182.00
Tetley	J	0.00	1,182.00	0.00	1,182.00

Total		478,240.48	195,309.82	111.70	673,662.00
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ABBREVIATIONS and GLOSSARY

Abbreviations

ALMO	Arm's Length Management Organisation
ASELA	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 – 2021/22

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 ensuring 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.

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 2015 in relation to the production and publication of an Annual Governance Statement.

The Purpose Of The Annual Governance Statement

The purpose of an Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

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 2022 and up to the date of approval of the annual statement of accounts.

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:

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

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 management / transformation

Resources:

- Outcome based financial planning and reporting, budgetary control and treasury management
- Commissioning
- Procurement
- Asset Management
- Fraud & Corruption and Insurance
- Value for Money

People:

- Workforce management & development
- Values and behaviours - codes of conduct for members and staff
- Staff performance management
- 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 (CMT) 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;
- An annual report to the Corporate Management 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 being 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 fit for purpose at all times. 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 up to 9 other Councillors to form the Cabinet. Cabinet currently has 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 2021 election, the Council returned no overall political control and continued to operate a Joint Administration. Led by a Labour Leader, the Administration was made up of 14 Labour members, 7 from the Independent Group and 5 from the Liberal Democrats. The Conservative Group held 23 seats and 2 non-aligned independent members were in place. The 2021/22 municipal year saw two unsuccessful votes of no confidence in the Leader of the Council, during the months leading up to the 2022 May election. A greater number of Special Cabinet meetings took place in 2021/22 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. 2021/22 also saw changes within the Senior Management Team including a new Chief Executive and new Executive Directors and Directors, for which most roles saw the progression of existing and experienced officers promoted into more senior positions. The serving Chief Executive at the time was acting up into this role and oversaw a new recruitment campaign for a permanent appointment. The local election in May 2022, returned results with a working majority for the Joint Administration. A vote at the subsequent Southend Labour Group meeting resulted in a new Leader of the Council for the coming municipal year.

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.

Decisions made by the Cabinet may be called in to a Scrutiny Committee in accordance with the provisions of the Scrutiny Procedure Rules.

The Council operates a 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 is achieved by reports to Scrutiny Committees and the outcomes of cross-party working groups.

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. In March 2022, the Council adopted a new code of conduct.

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. More information is provided in the Review of Effectiveness section.

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 2050 Roadmap', which outlines how the Council is contributing towards delivering the ambition for the city to 2050, six associated themes and the 21 desired outcomes that are reviewed annually. Reports outlining progress against key areas of delivery (Outcome Success Measures Report) are reviewed by the Corporate Management Team, Cabinet and Scrutiny Committees. This process has been enhanced in 2022/23 through the move to a four yearly Corporate Plan, the development of which has progressed through the Cabinet cycle.

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. 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 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), alignment with the Southend 2050 and recovery priorities and support for a more outcome focussed approach.

The Corporate Risk Register is reviewed regularly by the Corporate Management 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 and development of Adult Social Care Strategies. Co-production activity through a test and learn approach is 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 has a Health and Safety Policy, with an accompanying assurance mechanism and action plan that is reviewed quarterly via the Corporate Management Team and Divisional Management Teams. 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 Councils' 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 our external auditors have experienced over the last 12 months, the 2020/21 Statement of Accounts were not signed until April 2023. 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 were delayed in obtaining the assurances they sought from a fully audited and unqualified signed set of accounts for 2020/21. Also, during 2022/23 the Council's finance team had to manage the finalisation of the independent external audit for both the 2020/21 and 2021/22 financial years.

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, 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 new CIPFA Financial Management Code.

The year 2021/22 has seen the Council move beyond its initial response to the Covid-19 pandemic and emergency planning, with many of the Council's civil contingency arrangements being stood down. The second half of the year was dominated by the aftermath of the shocking death of a local MP, which not only impacted the local community but many councillors and staff members who had worked alongside Sir David Amess for many years, and the subsequent transition of the town into a city has presented opportunities to consider how the place and Council can grow and develop to maximise the opportunities that this new status brings.

The majority of staff continue to work remotely, a vision for 'Work Smart' our hybrid working framework is being developed, enabled by our Digital Smart Strategy and Facilities Management Strategy.

The Council's Covid-19 Local Outbreak Control Plan (LOCP) was replaced with a Local Outbreak Management Plan in March 2021 in line with changing circumstances. In March 2022, all the temporary flexibilities that enabled the public sector to respond to the pandemic through the Coronavirus Act 2020 expired. The national strategy shifted from management to the publication of Government's Living with Covid policy paper. As a result, the Council's plan has been refreshed on the basis on what is required to be done locally.

From April 2022, the Health Protection Board has 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 will continue to support the

Health Protection Board, under the new name of the Health Protection, Oversight and Engagement Board.

The May 2021 Borough and Police & Crime Commissioner elections posed huge logistical challenges to ensure the democratic process could continue, while the safety of all concerned remained paramount. This included: risk assessments and careful planning for all premises being used; revised layouts to polling stations and count centre to enable social distancing; additional equipment (pencils, masks, screens, sanitisers etc..) being purchased; restrictions on numbers allowed at the count and special arrangements for briefings to candidates and election staff. These measures, among many others, enabled the elections to proceed successfully, including having a turnout that was in line with previous elections.

In October 2021, longstanding local MP Sir David Amess was violently murdered during a constituency surgery meeting. His death and the circumstances in which he died shook the local community, affecting many officers and councillors who had worked with Sir David over many years. The Council implemented contingency planning to support the community in coming together to pay their respects to Sir David as well as hosting national news agencies and central government visits. The Council worked alongside the Amess family and the government in Westminster for the funeral and commemorative arrangements.

In the time leading up to Sir David's death he Chaired the City Status Bid Committee, supported by the Council. Following his death, and the announcement that Southend would be awarded city status, this committee developed into a partnership with the Council, local business, and community groups to plan a suite of commemorative and celebratory activities during the first year of city status. Council activity has included the temporary resource of a project manager to oversee a financial budget, support in the planning of events as well as the development of a community grant scheme for local celebrations. The community fund went live in May 2022 and is being administered by the Community Investment Board support by the Southend Association of Voluntary Services.

Following Sir David's death all public meetings were suspended until after his funeral. With the temporary absence of Cabinet, Council and Scrutiny meetings during this time, key decisions were postponed having the effect of a compacted second half of the financial year. This was with exception of the Development Control Committee which continued to meet and take decisions.

On 3 February 2022, the Council held a parliamentary constituency of Southend West by-election. The election was uncontested by the major parties and the seat won by Conservative member Anna Firth. The Council has been in regular contact with Ms Firth since this time, liaising on local matters including collaborating on city and Platinum Jubilee celebrations.

On 2nd March 2022, Southend and the Council received a royal visit from the Prince of Wales and the Duchess of Cornwall who presented the Council with the letters patent formally making Southend a city. At the same meeting, members voted to change the name of the Council and granted Sir David the first Freeman of the city posthumously. The Council worked alongside partners, faith leaders and community groups to ensure the royal visit and week-long city celebrations were a collective public display of respect and pride for Sir David and the place we live, work, and enjoy.

On 4th March 2022, the Council held a further by-election in the Southchurch Ward following the resignation of Cllr Alex Bright. The Southend Conservative Group held the seat and Cllr Darryl Jones was elected.

The councillor development programme, being co-designed with councillors, to equip them with the skills and knowledge they need to be an effective 21st century councillor has continued to

develop. The action plan developed following the Council's refresh of the Protocol on Councillor/Officer relations, continues to support enhanced working relations, and has seen additional activity with improvements to the dedicated members support hub (to improve handling of members 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 members, and opportunities for better understanding respective roles and how these can be mutually supportive. These measures will support effective working relationships between councillors and officers and this work continues to be reviewed and enhanced for ongoing effectiveness.

Five reports were called-in from the Cabinet or referred directly for scrutiny by the People Scrutiny Committee. Twenty reports were called-in or referred to the Place Scrutiny Committee for review and sixteen reports were called-in or referred directly to the Policy and Resources Scrutiny Committee.

The draft General Fund Revenue and Capital Budget for 2022/23 to 2026/27 was referred directly to each of the scrutiny committees by the Cabinet for review, as was the annual Comments, Complaints and Compliments report for 2020/21, the review of the Corporate Risk Register and the annual review and refresh of the Southend 2050 outcomes and roadmap milestones. An update on the action being taken by the Council in response to the COVID-19 pandemic to support local residents and businesses, was also referred directly to each of the scrutiny committees by the Cabinet.

A single joint in-depth scrutiny project on behalf of the People Scrutiny Committee, the Place Scrutiny Committee and the Policy and Resources Scrutiny Committee was commenced in July 2021 as part of the scrutiny work programme for the municipal year, on the theme of 'Enabling Councillors to be Effective.'

The Council's Future Ways of Working programme was embedded as the sixth Southend 2050 theme, with 9 workstreams: enabling a refocus on priorities, delivery at pace with a view to putting more resource and structure behind the drive for change. This included:

- Embedding the Council's refreshed set of values and behaviours through performance and development conversations (staff appraisals);
- A revamped staff induction programme;
- Delivery of a 2-year transformational leadership development programme for officers and councillors, including a mentoring programme, action learning sets, coaching support, training for leading high performing teams;
- Implementation of MeLearning and the Knowledge Hub - on-line training & development portals enabling staff to access essential e- learning and over 2000 bite size learning resources which cover a range of resources e.g. personal development, leadership effectiveness and wellbeing;
- A staff led revision of the Council's approach to reward and recognition; and
- Progressing hybrid working through a Work Smart programme previously referred to as 'worklife', advocating more flexible work arrangements building on the premise that 'work is what you do – not where you do it', providing creative workspaces, hot desking, remote working and providing a service design 'lab' to help creative thinking and minimise hierarchical and practical constraints. This work is transforming into the new Southend-on-Sea City Council (SCC) Work Smart hybrid working framework.

The Service Design Team supported the Council by implementing agile and co-design principles, ensuring the end user is involved in design challenges. This approach was used, for example,

with Enforcement services, SEND local offer, various application processes, Business Support Review, PA redesign, members enquiries amongst many other smaller projects. In addition, a full-scale Service Design Academy programme was piloted with staff that exceeded expected outcomes.

The Business Support Review has revealed some areas of learning in relation to how redesigns in the Council can be improved going forward. This includes how people are engaged on process and a review of key HR policy that are relied upon.

The Service Design Team are currently undertaking a review of project management activity across the Council, including identifying strengths, weaknesses, risks, and opportunities around project management activity, and developing proposed options for a revised Project Management Office (PMO) style solution. This will be central to the wider change programme within the Council and has significant alignment to the forthcoming governance, performance management and the wider corporate plan strategies. This work was in its discovery phase and as such was in development during 2021/22. Further developments in supporting the planning and co-ordination of the Transformation Blueprint work was undertaken in 2022/23.

Officer governance arrangements have continued to evolve, including in relation to officer boards introduced to focus on commissioning and investment and which help drive decisions on the use of resources for the Southend 2050 priorities. Following the introduction of the officer boards, the Council is undertaking a review of the effectiveness of the current governance framework and supporting structures and arrangements in the context of the delivery of strategic objectives and current situation. Outputs of the review process were delivered during 2022/23.

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 members 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 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. The work is ongoing and the CfGS reported their findings and recommendations during 2022/23. The resulting changes to processes commenced in May 2023.

Changes are expected to include a rewrite of the Constitution, with the aim of using plain English, reordering, and removing duplication and making the document more accessible. Other changes may include opportunities to enhance timely decision making.

The Council has reviewed its Social Value Policy with the aim to ensure that more effective social value is extracted from contracts. The new policy creates a greater model of oversight, assurance, and accountability through enhanced performance monitoring; both on performance of the policy through the Commissioning Board and the social value obtained from contracts which will be reported publicly. Contract Managers will be supported with additional training and officers have been invited to take part in shaping the associated toolkit. A Cabinet portfolio member will also be identified to champion the work.

Vecteo (a joint venture company between Southend-on-Sea City Council and London Hire Community Services) commenced the direct delivery of home to school transport services for SEND children in September 2021. They had run this service successfully for the previous 12 months by managing subcontractors. However, changes were made to move from the subcontracted supply chain to a significant proportion of direct delivery by the company. This change was made without sufficient implementation of effective controls and governance that

would normally have been expected by the Council, and there were significant and serious service failings in the first few weeks. As a result, the Council intervened and prevented Vecteo from rolling out a broader service offering. This allowed the serious service quality issues to be resolved first. The Council seconded its contract management team to Vecteo for a number of weeks to support the company with planning and scheduling issues.

The service significantly improved during the first month of intervention but there continued to be some inconsistencies in overall service quality for the remainder of the year. The company is working to improve the arrangements and to deliver more consistency in the quality of service provided and value for money. To ensure the immediate required improvements were delivered the Council established a weekly Gold command meeting with senior officers to monitor progress and respond to any escalated or outstanding matters. The Council also commissioned a customer satisfaction survey as well as a lessons learnt review and a contract compliance audit in order to provide ongoing assurance and opportunities for learning. Changes have been made to the Directors on the Board to increase the operational and financial management, and the Council and the company have been working together to address the improvements required and to bring the service onto a sustainable operational and financial footing. In May 2023 the Council became the 100% shareholder of the joint venture.

The Council's waste management contract is due for renewal and work has been undertaken to identify the optimum solution to attempt to meet the climate emergency, recycling, and financial sustainability issues and to deliver best value for money for taxpayers. The issue featured prominently in the election campaigns reflecting the political desire to maintain weekly collections. As a result, arriving at an agreed way forward has proved to be more challenging than expected, however an approach to procurement that should be able to meet the expectations of all stakeholders has now been agreed and is being worked through.

The Better Queensway project is a transformational housing-led town centre regeneration project in the centre of Southend, focussed on delivering better housing and a better place, through high quality design, a high standard of development and environmental sustainability. The project aims to deliver a new mixed-use redevelopment for the area adjacent to the town centre that requires regeneration for the benefit of both people and place.

In view of the complexities of both developing the project and procuring a joint venture partner, the Council engaged external specialists to manage and oversee the project. This included extensive legal, financial, project development and delivery expertise as well as external specialist audit work aimed at supporting the Council's Corporate Procurement team. This thorough due diligence approach to manage and oversee the project aimed to supplement and optimise the Council's in-house capacity and expertise, as well as supply independent challenge and assurance over project and procurement processes.

However, despite this due diligence, errors were made in the published procurement documents potentially mis-informing bidders about the Council's requirements, although clarification was provided during dialogue with potential bidders. Legal advice obtained and followed during the dialogue process resulted in a comprehensive and appropriate process being applied, supported by the Council's procurement team.

Errors in subsequent reports to Cabinet and the Shareholder Board which covered the features of Swan Housing's proposed highways scheme, as it evolved, had the potential to be misunderstood by councillors and cause confusion over the originally agreed intention. This contributed to significant debate about the intended solution as the proposal to be taken forward for planning consent was being determined and approved.

The Council recognises that robust arrangements that demonstrate transparency and accountability are key to support a proper decision-making process and maintaining trust between councillors and officers. As such, lessons learnt from managing the most complex regeneration project the Council has undertaken for many years is important for councillors and officers to embrace in working to deliver the Council's overall vision of 'working to make lives better'. Ongoing workshops including members and officers, as part of the transformational leadership development programme, is helping to support more effective working relationships.

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:

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

The findings, reported to Audit Committee in April 2022, 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.

2021/22 has again been an incredibly challenging year, initially due to the continued impact of the pandemic and then during the last quarter, the events in Ukraine and the first signs of the inflationary pressures. The scale of the local financial impact on both expenditure and income expectations led to major variations from our original approved plans for 2021/22 and the actual profile of spending bears little comparison to what we would expect to see in a normal year. The Council, along with the rest of the public sector, has also continued to receive unprecedented levels of additional funding support from Central Government to try to mitigate the financial impact of the pandemic. 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 2021/22 within the approved budget. This enabled the Council to improve its overall reserves position and further bolster its financial strength and resilience to place it in a robust position to continue to navigate the ongoing challenges.

Significantly, the current financial landscape and operating environment for the Council remain extremely challenging and uncertain. While the Council remains financially resilient from both the impact of Covid-19 and the range of local demand and spending pressures, the Council is currently predicting a cumulative budget gap of £24m to the end of 2026/27 (Council Budget Report February 2022). Along with most local authorities, the Council continues to deal with the challenges of uncertainty, financial pressures, service demands and concerns for our 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 prices. This will have a major financial impact on the Council's approved financial plans for 2022/23 and its forecast for future years.

A Budget Transformation Programme for 2023/24 – 2026/27, was agreed as part of the Council's overall budget package, with areas identified to be scoped and developed further during 2022/23. This will support the Council's future financial sustainability; help target resources and re-design plans to avoid a financial 'cliff edge' that would need drastic action over a short time frame.

Other measures to support a drive towards financial sustainability and shape our priority focus include: on-going budget reviews; implementation of outcome-based budgeting; 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 our systems, processes and internal business transformation arrangements.

The Council's 'Getting to Know Your Business' programme for service managers continued to be embedded in 2021/22 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.

This programme, together with a comprehensive 'strategic-fit' review against our Southend 2050 ambition, administration priorities, economic recovery aspirations and delivering better outcomes and value for money for our local residents influenced the development of the investments, savings, income generation proposals and level of council tax agreed for 2022/23.

The Council continued to play a central role in the growth and recovery agenda developed with the Association of South Essex Local Authorities (ASELA). This was set out in the publication of its Growth & Recovery Prospectus that outlines the investment programmes and projects needed to deliver productive jobs, physical and digital connectivity, 'blue and green' infrastructure and new, affordable homes for residents and business. In October 2021, the governance arrangements to oversee the work of ASELA and its associated programmes was formalised with the establishment of a Joint Committee with other councils under Section 101 of the Local Government Act 1972. Southend-on-Sea City Council will continue to provide secretariate support and it is proposed that the Council further acts as the Accountable Body for the Joint Committee. As a means of scrutiny, the Council will continue to submit the minutes of the Joint Committee to the People and Resources Scrutiny Committee.

Following the announcement of the UK Community Renewal Fund in the Chancellor's Autumn statement, Southend-on-Sea City Council invited prospective projects to bid. Eligibility information as well as which types of projects would best strategically fit the needs and priorities locally 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 supported the analysis of bids. The Council further recruited an Assessment Panel made up of local partners representing various groups in Southend who made a final decision on which bids would be formally shortlisted to government as part of the proposal for funding. Panel members included representatives from the Department of Work and Pensions, South East Local Enterprise Partnership (SELEP), 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.

Due to the timescales set by central government, a final shortlist of projects was agreed via Standing Order 46 in June 2021. Later in the year the Council were awarded funding for two projects.

The Council continued to be an active partner to the 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 secured further funding from SELEP for which it is accountable.

Following the establishment of Porters Place Southend-on-Sea LLP as the joint venture partnership 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 the partnership £4.2m Get Building Fund was also secured to add to the £15m Housing Infrastructure Fund previously secured from Homes England. Swan Housing is working through a merger with Orbit Group which is expected to complete in the autumn of 2022. Whilst this has the potential to be positive as the Council will have an even stronger partner, it does mean there are some delays to the scheme while the merger progresses.

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 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 and the Construction Industry Training Board funded South Essex Construction Training Academy (SECTA).

New developments for Ipeco and Costa have been completed at the Airport Business Park and the Launchpad and Quad developments completed during 2022/23. Several other interests are in various stages of planning and legal work. The Airport Business Park Management Company was activated following practical completion. Its primary role being the management of the common parts of the estate and management of the service charge.

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 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 and Porters Place Southend LLP, joint venture formed to regenerate the Queensway estate.

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 has been recruited and is now in place. The chair of the Advisory Board is an observer on the Council’s internal governance group for the college and the Council’s Director of Regeneration and Growth is an observer on the Board to provide link up and read across. The internal governance group meets monthly and has now been in place for a year and is well established and will undertake regular reviews to check its effectiveness.

A cross-Council working group to co-ordinate the Council’s response to the impact of the UK’s exit from the European Union was disbanded recognising that most impacts are long term and responses to business as usual. This arrangement mirrors the Essex Resilience Forum approach. However, the Microsoft Teams channel has been retained as a route to escalating any issues that may arise.

Mandatory e-learning for both data protection and cyber security was undertaken by staff, supplemented by alternative tailored training for those for who using an e-learning platform might not be appropriate. Recommendations from previous audits were progressed. Policies and

internal processes have been updated, including the Acceptable Use Policy and Digital Information Security Policy.

The Council's approach to cyber security is aligned to best practices and frameworks and audited. Improvements in maturity are regularly self-assessed. The Council's approach to information management, data protection and cyber security was also reviewed by the NHS Data Security Protection Toolkit enabling assessment against Department of Health information governance policies and standards. For 2020/21 the Council was independently assessed with an increase in maturity across all areas and as providing 'substantial assurance' in meeting 'standards met' compliance.

The Council is due an LGA Corporate Peer Challenge (CPC) (the last one was in 2015) which was postponed in 2020 because of Covid and the need for it to take place 'on-site'. In anticipation of a full CPC the Council undertook a remote 'Corporate Health Check' in April 2021, welcoming a team of peers to assess the overall health of the organisation and helping to shape the Council's approach to recovery. The Health Check focussed on the Council's priorities; community engagement; systems and processes; investment in staff and councillors; digital capacity and financial planning. The feedback highlights a range of positive findings, including, the Council's response to the pandemic, the way the Council is progressing its ambitions and the soundness of the Council's finances. The report makes seven recommendations, covering: agreeing fewer priorities and focus; the need for a simpler narrative; building relationships with communities; the need for greater discipline and rigour and progressing councillor training & induction.

Preparations for a subsequent LGA Corporate Peer Challenge due to take place in November 2021 were made, however the Council respectfully asked for this to be postponed due to the tragic murder of the local MP Sir David Amess. A new LGA Corporate Peer Challenge is planned for October 2022.

Between 23 and 24 March 2022 OFSTED visited children's services. As part of the visit, the OFSTED inspectors looked at case files, met with the practitioners who held those cases as well as meeting with members of the Children in Care Council, a foster carer, managers, head and deputy head of the virtual school and colleagues from health. The outcome letter published by OFSTED recognised positive changes to the service but says more needs to be done.

Improvements outlined in the letter include:

- stronger leadership, including streamlined processes, better case management and increased investment in staff,
- despite limited specialist resources, Ofsted noted there is some good work in the children with disabilities service,
- the Council was praised for its response to care for a greater number of unaccompanied asylum-seeking children,
- the Children in Care Council is an inclusive and enthusiastic group of children who are confident that leaders listen to their views.

Further work needs to be done on:

- the challenges around finding suitable long-term homes and while there are action plans in place, the changes need to happen quicker,
- there needs to be improved management, paperwork and priority given to direct work with children,
- the matching and long-term placement of children also needs to be improved and too many live too far away from Southend,

- there needs to be improved consistency for health provision and regular dental checks for children in care.

As an area, as before, progress will be reported in this and other aspects of the provision through our governance boards and to the Health and Wellbeing Board.

At the initial independent OFSTED/CQC formal area SEND (Special Educational Needs and Disability) inspection in October 2018, the area was required to submit a Written Statement of Action (WSOA), which was approved by regulators in May 2019. Each area required to produce a WSoA is subject to a revisit by OFSTED/CQC to determine progress against each of the aspects identified as significant weaknesses. Southend Area SEND received an on-site, blended revisit, between 7 and 9 May 2021. The visit included scrutiny of all documentation supplied, interviews with relevant stakeholders, including pupils and parents, and a parental survey.

The area received the final outcome letter for the revisit, on 22 June, identifying that of the four aspects of weakness, the Council had made sufficient progress against three of them - the Local Offer; the quality of Education Health and Care Plans and the quality of education provision received by learners with SEND. In the fourth aspect, Leadership and Joint Commissioning, whilst regulators had noted more recent progress, they considered that this was yet to fully impact upon children and families and determined that sufficient progress had not been made in this aspect.

OFSTED/CQC will play no further part in monitoring the original WSoA, but the Department of Education will support progress in the remaining aspect. As an area, as before, progress will be reported in this and other aspects of SEND provision through our governance boards and to the Health and Wellbeing Board.

Progress on actions to enhance governance arrangements arising from the 2020/21 Annual Governance Statement were reported to Audit Committee during the year, with progress on relevant outcomes against the action. Comments on progress are set out later in this document.

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 original report's opinion was either Partial or Minimal assurance. These actions are retested, and the result of this work is reported to the Corporate Management Team (CMT) and Audit Committee as part of the Quarterly Performance Report.

Head of Internal Audit Opinion for the year ended 31 March 2022

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 2021/22 the Council continued to be impacted by the ongoing Covid-19 pandemic. The Council's response held up well through the year, coordinating a wide range of resources from a range of diverse sources to provide the support, response, and management of the community to meet the requirements of the city as it went through, and then emerged from, different periods of lockdown during the year. Significant changes remained in place over the operations of the Council, including most staff working remotely and many staff being redeployed from their usual

duties to support the response to the pandemic. This has enabled the Council to deliver what was required in response to the pandemic, including the significant contribution made by the Public Health team through their work delivering the Local Outbreak Management Plan. The governance arrangements in respect of this work were found to be operating effectively.

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. 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 faced. This has included work to continue to transform the culture, 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 effective and appropriate to deliver the required outcomes in the changed circumstances. Work is now underway on producing 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.

Further challenges have arisen 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. Management needs to continue to monitor the actual and potential impact of these pressures, the progress against delivery of the forthcoming Corporate Plan, and be ready to adjust, if necessary, as the situation continues to change and the understanding of the impact on future needs and priorities becomes clearer.

There remains much to do, and the Council is preparing to deliver and meet these multiple challenges. As a result, there continues to be changes made to way the Council is operating. The governance arrangements and ways of working are currently being reviewed, 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 need to work in the context of continuous change in 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 as at 31 March 2022 the Risk Management Policy Statement and Strategy was due to be reviewed and refreshed, 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. 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 improvement before it can be considered to be satisfactory overall, therefore partial assurance is provided for the year. Work to 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.

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 2021/22 included:

- **LGA Health Check** – April 2021 – as outlined above.
- **Local area SEND inspection** – May 2021, as outlined above.
- **Children's services focused visit** – March 2022, as outlined above .
- **Public Health - Pandemic Response** – Cabinet Office visited the Council last summer to review how the Local Outbreak Management Plan will deliver suppression of the virus, is adequate for a coastal town / city and how the Council is working in partnership with key anchor institutions. The Council was highly commended for our preparedness.
- **Schools** - There were 10 full Ofsted school inspections (plus 1 monitoring visit) completed during the financial year 2021/22. The overall position at April 2022 therefore was:
 - Primary schools: 5 outstanding, 27 good, 2 requires improvement.
 - Secondary Schools: 5 outstanding, 5 good, 1 requires improvement, 1 inadequate.

- Special schools: 1 outstanding, 3 good, 1 requires improvement.
- Pupil Referral Unit/alternative provision: 1 good, 2 requires improvement.
- This means that 89.6% of children were attending good or outstanding schools as of April 2022.

● **Adult Social care ratings:**

- Nursing homes: 1 outstanding, 8 good, 3 requires improvement and 1 inadequate.
- Residential homes: 3 outstanding, 56 good, 9 requires improvement, 2 inadequate.
- Domiciliary care agencies: 4 outstanding; 33 good; 6 requires improvement; 3 inadequate.

Conclusion

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Actions to be specifically addressed are outlined below.

Further Actions to strengthen the Council’s Governance Arrangements for 2022/23

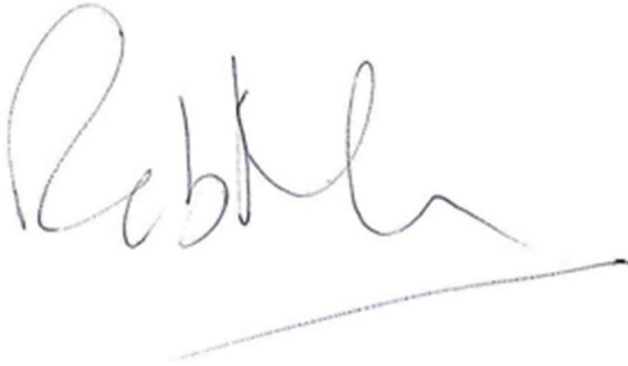
No.	Area	Action	Date of Implementation	Responsible Officer
1.	Governance Framework	To complete the review currently being undertaken to address the need to update and strengthen the governance arrangements and processes that underpin how the Council works. To engage with the LGA through the planned Corporate Peer Challenge and gain their insight into the planned work and how best to embed.	March 2023	Interim Executive Director - Strategy, Change and Governance - Stephen Meah-Sims
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.	March 2023	Head of Internal Audit and Counter Fraud - Andrew Barnes

No.	Area	Action	Date of Implementation	Responsible Officer
3.	Contract Management	<p>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. Corporate roll out of a Contract Management Manual for commissioners to use alongside a peer group, overseen by Corporate Procurement and the provision of other tools and templates for contract managers.</p> <p>Building capacity of contract managers to deliver the Social Value Policy, enabling them to achieve social value from our contracts.</p>	March 2023	Head of Procurement – Lee White
4.	Project Management	<p>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.</p>	March 2023	Interim Executive Director - Strategy, Change and Governance - Stephen Meah-Sims

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

A handwritten signature in black ink, appearing to read 'Rob Tinlin', with a long horizontal line underneath.

**Rob Tinlin
Chief Executive &
Town Clerk
25 October 2023**

A handwritten signature in black ink, appearing to read 'Tony Cox', with a horizontal line underneath.

**Councillor Tony Cox
Leader of the Council
25 October 2023**

Council Governance Actions – 2021/22 – Progress

	Governance Issue	Action	Responsible Officer	Comment on Progress
1.	Review the Council's priorities in the context of the ongoing impact of Covid.	Agree fewer priorities to provide clearer focus for the council, including a refresh of Southend 2050 Ambition, Outcomes and Road Map milestones.	Chief Executive	<p>Southend 2050 was reviewed and refreshed to enable the Council to focus on the next 12 months. The refresh:</p> <ul style="list-style-type: none"> • Restructured the governance of Southend 2050 to enable a delivery focus to support recovery, including: <ul style="list-style-type: none"> o Covid-19 Gold and Silver Groups to transition into the Southend 2050 themes and Outcome Delivery Teams. o Alignment of Corporate Management Team Sponsors for each of the six themes. o Alignment of Outcome Delivery Leads for the Outcomes. • Formalised Future Ways of Working as the sixth Southend 2050 theme; • Prioritised outcomes within each of the themes; and • Focused the prioritised roadmap milestones on: <ul style="list-style-type: none"> o Delivery; o Response to the Covid-19 pandemic; o Economic recovery – from both Covid-19 impacts and any Brexit impacts; and o Sustainability – financial, environmental and our transformation as an organisation.

	Governance Issue	Action	Responsible Officer	Comment on Progress
2.	Progress the next iteration of the Council's transformation programme – Future Ways of Working.	Review the Council's ways of working with a view to improving operational performance across the organisation. This will include undertaking a review of business support functions, progressing the digital strategy and re-engineering systems and processes to ensure a better customer experience.	Executive Director – Strategy, Change and Governance	<p>An all-staff engagement survey and team challenge were both completed in 2021/22, giving employees the opportunity to have their say on what the future of work will look like at the council. Teams and individuals were asked to reflect on working practices developed during the pandemic.</p> <p>A new staff intranet has been developed, ready to be launched in May 2022. It includes a dedicated area for councillors.</p> <p>We have successfully completed laptop and desktop replacement programmes and rolled out softphones to enable employees to make calls from their computer. As well as providing council officers with access to the latest technology, to help people collaborate and communicate with others and work more efficiently and safely, we have also provided self-guided and mentor-based training on using the technology. The movement of applications to the cloud is ongoing, increasing access to reliable, optimised technology, as well as increasing productivity.</p> <p>The council continues to invest in the development of our workforce. We have successfully developed a councillor training programme with a working group of councillors. A Transformational Leadership Development Programme has also been launched to provide senior leaders with group training and individual coaching.</p>

	Governance Issue	Action	Responsible Officer	Comment on Progress
3.	Undertake a review of councillor decision making.	Review the current Constitution with a view to improving the effectiveness of the Council's decision-making processes, including streamlining the content and making it easier to follow.	Executive Director, Strategy, Change and Governance	<p>A review of the Council's Constitution commenced in March 2021. Bevan Brittan were commissioned to carry out a review and reflect upon where the Constitution may be improved to better reflect how the Council wishes to operate. Following this initial review, the General Purposes Committee agreed to provide all members 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 to discuss the working practices of the Constitution, learning and best practice from elsewhere, prior to facilitating cross party workshops in order to establish consensus on changes. The work is ongoing and the CfGS is due to report their findings and recommendations for next steps.</p> <p>Changes are expected to include a rewrite of the Constitution, with the aim of using plain English, reordering, and removing duplication and making the document more accessible. Other changes may include opportunities to enhance timely decision making.</p>

	Governance Issue	Action	Responsible Officer	Comment on Progress
4.	Financial Management Code Self-Assessment action plan	To implement the Financial Management Code Self-Assessment action plan, progressing the four areas identified, which while currently compliant, need to be strengthened/improved	Executive Director, Finance & Resources	A six-monthly progress update was noted by Audit Committee at its meetings in October 2021 and April 2022. It noted that good progress was being made against the four areas that had been identified as needing to be strengthened/improved. The annual review against the expectations of the Code has been undertaken in 2022 and the results and updated action plan to deliver further improvements was endorsed by Audit Committee at its meeting in April 2022.

