FINANCIAL STATEMENTS 2023/24

1 PURPOSE OF REPORT

1.1 This report presents the financial statements for 2023/24 (Appendix 1) for approval.

1.2 The external auditors, EY, have now largely completed their audit processes in relation to these statements. Their report is presented as a separate item to this meeting.

2 LINKS TO COUNCIL'S PRIORITIES AND OBJECTIVES

2.1 This links to all the Council's priorities.

3 RECOMMENDATION

3.1 It is proposed that the Committee **RESOLVES**

(1) That the financial statements be approved in substance by the Committee.

(2) That the Chair, in consultation with the Section 151 Officer, be given delegated authority to sign the accounts once EY have finalised the Completion Report and it is ready for issue.

4 INTRODUCTION

4.1 The Council is required by the Accounts and Audit Regulations 2015 to prepare an annual statement of accounts. The financial statements must be signed as true and fair by the Section 151 Officer before 30 June in the year of preparation and then Member approval must be given to the audited statements to allow publication by 30 September of that year.

4.2 The financial statements for 2023/24 were not presented in accordance with that timetable due to issues identified in an Internal Audit report into Senior Manager Pay and Conditions (the "Internal Audit Report") the findings of which were shared with EY.

4.3 The financial statements for 2020/21, being the first year impacted by the identified issues, were presented to the Committee on 3 July 2024 whilst 2021/22 and 2022/23 followed on 28 November 2024. With these years being completed, this then allowed for progress to be made with 2023/24.

5 FINANCIAL STATEMENTS

5.1 The financial statements have been prepared in line with all regulatory and accounting standards and they were published in draft on the Council's website on 16 January 2025.

5.2 At the same time as the draft accounts being published, the notice of public rights was also published. The public inspection period commenced on 17 January 2025 and runs until the 27 February. At the time of writing no member of the public has exercised their inspection rights or asked the Council's auditors questions in relation to the accounts.

5.3 EY are unable to issue the Audit Completion Report until the conclusion of the inspection period. Once the report is issued, the final Statement of Accounts will be published.

5.4 Government has set a backdrop date for accounts to be published of 28 February 2028 and the Council expects to be able to comply with this requirement.

6 RISK IMPLICATIONS

6.1 There is a risk that the final statement of accounts is not published on 28 February 2025. Should this date be missed, the Section 151 Officer will write to the Minister for Housing, Communities and Local Government to inform them of the delay.

7 FINANCIAL IMPLICATIONS

7.1 There are no direct financial implications arising from this report.

8 LEGAL IMPLICATIONS

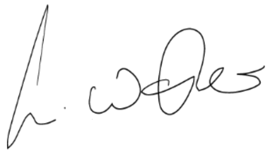
8.1 The Council is required by the Accounts and Audit Regulations 2015 to prepare an annual statement of accounts. The financial statements must be signed as true and fair by the Section 151 Officer and then Member approval must be given to the audited statements to allow publication. The Council has delegated this function to the Committee. Following approval by the Committee, the financial statements should be signed and dated by the Chair.

9 HUMAN RESOURCES IMPLICATIONS

9.1 None

10 EQUALITY AND DIVERSITY IMPLICATIONS

10.1 An Equality Impact Assessment has been completed and found there to be no impacts (either positive or negative) on protected groups defined under the Equality Act 2010.



Lance Wosko

Assistant Director, Finance & Procurement and Section 151 Officer

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Background Papers:

- Audit Committee 21 July 2022 Agenda, Report and Minutes
- Audit Committee 12 July 2023 Agenda, Report and Minutes

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Appendix 1

CASTLE POINT BOROUGH COUNCIL

STATEMENT OF ACCOUNTS
FOR THE FINANCIAL YEAR 2023/24

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1 Introduction

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year and the Council's financial position at the year-end date, 31 March 2024.

This Narrative Report provides interested parties with an effective guide to the most significant matters reported in the accounts and although it is part of the same published document, it does not form part of the Statement of Accounts. Instead it serves as a summary and a source of supplementary information. The formal Statement of Accounts commences on page 20.

The Narrative Report is split into the following sections:

- **Section 2 – Financial overview and commentary** – this section includes information on the Council's accounts, financial performance and economy, efficiency, and effectiveness in its use of resources over the financial year, future challenges, and other items.
- **Section 3 – Descriptions of the Financial Statements** – the Statement of Accounts contains several core and supplementary financial statements. This section contains descriptions of each of them, an explanation of the links between them, and reports some of the key amounts included in these statements.
- **Section 4 – Summary of the Council's spending and income** – this section contains charts showing high level summaries of the Council's spending and income for the year, and definitions of the different Council services and types of cost and income included in the charts.
- **Section 5 – Outturn and comparison to budget** – this section contains a more detailed analysis of the Council's financial performance for the year compared to budget.

Within the Narrative Report and the Statement of Accounts all reported amounts have generally been rounded to the nearest thousand pounds ("£000s" or "k") or are stated in millions ("m").

2 Financial Overview and Commentary

2.1 – The framework for completion of the Statement of Accounts

The Council is required to prepare an annual Statement of Accounts in accordance with the statutory framework established for England by the Accounts and Audit Regulations 2015 and in accordance with proper accounting practices. These practices primarily comprise of The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"), based on International Financial Reporting Standards (IFRS), and the associated Guidance Notes for Practitioners, both as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Summary of Significant Accounting Policies describe the principles, rules and procedures which have been consistently followed in preparing and reporting the financial statements.

The Code of Practice sometimes requires accounting policies to be changed, and this may require prior year information to be restated. There are no such changes applicable for the 2023/24 accounts.

The financial statements of the Council are intended to provide information on and present a "True and Fair view" about the Council's financial position, financial performance and cash flows. They should provide such information to support the need for public responsibility by enabling users to assess the stewardship and accountability of elected members and senior management for the resources entrusted to them. To provide a true and fair view the financial statements must present a faithful representation of the effects of transactions, other events and conditions in accordance with specified definitions and recognition criteria for assets, liabilities, income and expenditure, as set out in the Code.

The presentation of the information in the statements should meet the common needs of, and be useful to, a wide range of users. As such, the financial statements should be readily understandable by users. However, it is assumed that the user has a reasonable knowledge of accounting and of the functions of local authorities and the way they provide their services. Where it is unavoidable to use technical terms, those terms are defined in the glossary of terms at the end of this document.

2.2 – Classifications of income and expenditure, and operating/budgeting model/process

The Council has three distinct categories of expenditure and income reported within the Statement of Accounts:

- **The General Fund (GF)** – the account that is charged with revenue expenditure incurred on delivering the Council's services or meeting its day-to-day expenses that is not connected to the Housing Revenue Account (as described below) and credited with revenue income generated through those services. The net of this expenditure and income is funded by grants and contributions from Central Government, Council Tax collected from residents of the borough and the share of Non-Domestic Rates collected from businesses retained by the Council.
- **The Housing Revenue Account (HRA)** – the account that records the revenue income and expenditure relating to the Council's stock of dwellings and garages. Income received from tenants of these properties is credited into the HRA. The Council is required to maintain the HRA as a separate account, distinct from the General Fund, for the provision of local authority housing in accordance with Part VI of the Local Government and Housing Act 1989.
- **The Capital Programme** – the account that is charged with expenditure on the acquisition or enhancement of non-current (long-term) assets. These are assets with a usable life of greater than one year, such as property, land, vehicles, and equipment. The capital programme covers non-current assets relating to both the General Fund and the Housing Revenue Account.

Section 4 of the Narrative Report describes the specific service functions and activities and categories of income and expenditure which sit within the General Fund and Housing Revenue Account. These are shown in accordance with the internal structure used by the Council for reporting, decision making and budget setting. Where relevant the information included within both the Narrative Report and the Statement of Accounts itself is reported under this same internal structure.

Budgets are allocated to services through the annual budget setting and service planning process which culminates in reports to Cabinet and Council in February each year which set Council Tax and HRA Rent charges for the new financial year. These reports may be found in the Agendas and Minutes Library on the Council website: https://www.castlepoint.gov.uk/agendas-minutes-library

The Statement of Accounts includes the Annual Governance Statement (AGS), which reports on the governance framework within which the Council operates, including the effectiveness of that framework as well as details on the roles and responsibilities of the Chief Financial Officer, Internal and External Audit and the Audit Committee. The AGS also includes actions to address identified governance issues and a report on progress in addressing issues identified in prior years.

Unspent budgets meeting specific criteria may be carried forward into the following financial year. These arise when at year end, goods have been ordered and not received, or works and services have been committed to, but not commenced or completed. After adjusting for these carried forward budgets and any reserve movements the overall outturn position at the end of 2023/24 is as shown below:

Outturn position 2023/24	
General Fund	**£16k** underspend (0.01% of gross budget of **£117m**)
Housing Revenue Account	**£107k** overspend (0.62% of gross budget of **£17m**)
Capital programme	**£379k** underspend (3.36% of gross budget of **£11m**)

A detailed analysis of spend against budget is shown in section 5 below.

2.3 – Council priorities and the Corporate Plan

To achieve its long-term vision for the Borough, the Council will focus on the following four priority areas and objectives:

- **Economy and Growth**: 'We want Castle Point to be a place where our economy is thriving, businesses are growing, and we are prospering through having the skills to access good quality jobs.'
    - We want the local economy of Castle Point to create more value, driven by our vibrant town centres, increased earnings and the productivity of our companies.
    - We want the right conditions for existing businesses to grow and new businesses to come here, including good transport links and access to a skilled workforce.
    - We are proud of our strong work ethic and entrepreneurial spirit; we want all of us to embrace the opportunities of work and the prosperity it brings.
    - We want to make sure that everyone has the right skills to access good quality jobs on offer now and in the future.
- **People**: 'We want Castle Point to be a place where we are a safe, inclusive and healthy community free to get on with our lives with access to the right support when it is needed, particularly our vulnerable residents, the young and elderly.'
    - Our communities are one of our biggest strengths; we want to nurture our community spirit across the whole Borough so that we can all feel safe and that we belong.
    - We want to lead long and healthy lives with access to leisure facilities and organised activities that encourage us to keep active and feel good about ourselves.
    - Those in our community who are vulnerable will be cared for and looked after.
    - We want to nurture young people to reach their full potential and give support to the elderly through providing services that deliver community value.
- **Place:** 'We want Castle Point to be a place where we have enough good quality homes with appropriate levels of local services and we can get around easily with choices about how we travel.'
    - We need to have enough quality new homes to support our growing population, minimise homelessness and meet our housing needs as this changes over different stages of our lives.
    - We want to ensure that new development is designed to make places safe and helps to deliver affordable housing, transport improvements, great public spaces, schools and healthcare.
    - Getting around is important to us for both work and leisure so we want a transport system that is effective and offers real choice for the way we travel, not just the car but walking, cycling, bus or train.
- **Environment:** 'We want Castle Point to be a place where our natural and historic assets are protected and enhanced, we are proud of our clean and pleasant surroundings, and we are all helping to improve the local environment and to combat climate change.'
    - Our natural and historic assets are our best kept secret – from the beaches and the foreshore to the 'green lungs' of our parks and open spaces – we want to protect and enhance these.
    - We are proud of where we live and want to keep our local neighbourhoods looking clean and green.
    - We want to help improve the local environment by reducing waste and reusing and recycling more.
    - We also want to help combat climate change by making choices in our lives that reduce CO_2 emissions.

Climate change is a significant issue for the UK and the Council is committed to tackling this – agreeing a target of net-zero carbon emissions by 2040 – and has implemented a number of initiatives in recent years to reduce the impact of the Council's operations on the environment. These include: moving to a zero carbon electric tariff, insulation and boiler replacements in Council-owned housing; LED light upgrades and pool covers in the leisure centres; facilitation of grants to privately-owned houses to improve energy efficiency (especially those experiencing fuel poverty); and various other lighting and insulation improvements to Council offices and community halls. The Council has also set aside funds in a reserve to be able to take forward new projects as they arise.

More information on these priorities can be found in the Council's Corporate Plan, which is available here: https://www.castlepoint.gov.uk/council-strategies-and-policies.

2.4 - Financial performance, economy, efficiency and effectiveness in the use of resources

The Council measures performance based on a set of Corporate Performance Indicators representing the Council Priorities described in Section 2.3. Performance is reported to Cabinet quarterly and a selection of indicators is shown below.

Indicator	Performance 2022/23	Target 2023/24	Performance 2023/24
Percentage of fly tips removed within one working day	99%	90%	99%
Household waste recycled or composted (inc. food waste)	46.65%	50%	47.57%
Average time to process benefit claims: new claims	22 days	21 days	17 days
Leisure Memberships	4,201	4,000	4,683
Overall tenant satisfaction with repairs and maintenance	96%	97%	96%
Percentage of calls to First Contact resolved without the need to transfer to the back office	96%	95%	95%

In terms of financial performance, the Council compares its performance against other authorities using information published by the Local Government Association. These indicators compare the Council to around 150 other district councils and a selection of these indicators is provided below, using the most recently available information.

- **The total net expenditure on council services** – this has increase from **£8.3m** in 2022/23 (which was affected by a £3.2m revaluation gain) to **£15.1m** in 2023/24. The Council's cost remains below the average of all district councils, which was **£16.8m** in 2023/24.
- **Council Tax requirement as % of total spend** – this looks at how much of the Council's expenditure is funded from Council Tax as opposed to other sources of income. This has decreased from **30%** in 2021/22 to **29%** in 2022/23 (the latest available years). The average for all district councils was **26%** in 2022/23. Later data not available.
- **Council Tax collection rate** – this looks at how much of the expected Council Tax the Council has been able to collect. For Castle Point, it remained unchanged from 2022/23 at **97.5%** in 2023/24. This compares to the average **97.1%** for other district Councils.
- **Unallocated financial reserves as a proportion of total current expenditure** – a Council's unallocated reserves are the funds held in case of unexpected or unplanned events occurring. It is important that Council's have sufficient reserves to be able to cope with any financial shocks that arise. For Castle Point, its unallocated reserves have increased as a proportion of total current expenditure, rising from **23%** in 2021/22 to **30%** in 2022/23 (no available data 23/24). The average for all district Councils decreased from **19%** to **14%** for the same years.

Other indicators look at spend per head of population on specific service functions:

Indicator – spend per head / dwelling on:	CPBC 2021/22 £	CPBC 2022/23 £	District Average 2022/23 £
Sport, play and parks	55	67	33
Waste management	44	51	45
Street cleansing	8	15	11
Planning services	29	13	26

Values are rounded to the nearest pound. Latest available for Castlepoint.

2.5 – Financial Reserves and looking ahead

There are two principles which the Council is required to follow when determining its annual budget:

- The budget must be balanced, meaning that expenditure does not exceed income and the Council does not have to rely on the sustained use of reserves to support ongoing spending; and
- Reserves must be maintained at or above the minimum recommended level determined by the Council's Chief Financial Officer (s151 Officer). This level is set after consideration of potential risk factors and for 2024/25 is **£2.5m** for General Fund reserves and **£694k** for Housing Revenue Account reserves.

The Council's budget for 2024/25 does not require the use of general reserves to balance. In future years funding gaps are forecast of **£285k** in 2025/26 and **£852k** in 2026/27, meaning that the Council must identify new savings to meet spending plans during these years and until such time as the budget gap is closed. Castle Point is not unique in this position, which has largely arisen as a result of historic reductions in government funding and controls on council tax levels.

The Council, like all local authorities, has been delivering savings and efficiencies for many years but is now at the point where the smaller or easier options have been exhausted. Consequently, the Council commenced a transformation programme and saw a new structure go live in November 2023. The Directors and Assistant Directors have now been tasked with the detailed review of their services, making sure that the Council had the right people in the right place doing the right things. There is also an ambition that these service reviews will in most cases identify savings of 10% within three years as well as any one-off investment required to enable this to happen.

In respect of the Housing Revenue Account (HRA) the biggest risks to its future viability are long-term social rent policies and welfare reforms.

As a result of work commenced in the 2023/24 estimates cycle, phasing of capital repairs combined with reviewing the future funding of the HRA means that the business plan is sustainable, but it does identify periods where budget gaps exist that may require funding via internal or external borrowing.

More information in relation to the Council's budget can be found in reports presented to Cabinet and Council in February each year, located in the Agendas and Minutes Library on the Council website: https://www.castlepoint.gov.uk/agendas-minutes-library

2.6 – Other areas of financial uncertainty

As part of the process of completing the Statement of Accounts the Council has to consider other areas of financial uncertainty.

The Council must review if any provisions or contingencies are required. Accounting Policy AP21, Provisions and Contingencies, provides further information on the nature of these items.

- Provisions are liabilities of either uncertain timing and/or uncertain value. The Council had outstanding provisions as at 31 March 2024 of **£269k**, primarily in relation to business rates appeals and the ASELA joint committee. The provisions are explained in Note 21 to the Core Financial Statements.

- Contingent assets and contingent liabilities are assets and liabilities that are dependent on future events which may or may not occur. The Council had no contingent assets as at 31 March 2024, but did have a number of contingent liabilities. These items are also disclosed in Note 21 to the Core Financial Statements.

The Council must also make allowance for the possibility that some of the amounts outstanding and due to be paid to the Council at 31 March 2024 may not actually be paid. The allowances are determined in accordance with Accounting Policy AP20 and serve to reduce the value of the outstanding debts included on the Balance Sheet. These allowances are disclosed in Note 14 to the Core Financial Statements, with further analysis in Note 19.

The Council uses independent external valuers to review its non-current (long-term) assets for indications of impairment at the Balance Sheet date. An impairment would mean that without adjustment the asset values stated in the balance sheet would be overstated. Further information is disclosed in Note 24.1.

The valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Further information on impairments and revaluations is found in Note 13.7 to the Core Financial Statements and Note 3 to the Housing Revenue Account. Accounting Policy AP16.5 provides further information on impairments of non-current assets.

The Council is required to consider whether there are events, both favourable and unfavourable, that have occurred after the end of the accounting period and before the date when the financial statements are authorised for issue, which are required to be reported within the Statement of Accounts. These are referred to as Post Balance Sheet events and are of two types:

- Adjusting events: events that provide additional evidence regarding conditions which existed at the end of the accounting period; and

- Non-Adjusting events: events that provide evidence regarding conditions that arose after the end of the accounting period.

The unaudited financial statements were signed and authorised for issue by the Council's responsible financial officer on 16 January 2025 to certify that the accounts gave a true and fair view of the Council's financial position and financial performance. This establishes the date after which events have not been recognised in the Statement of Accounts. The Council had no adjusting or non-adjusting events to report at that time.

2.7 – Borrowing and financing of the Capital Programme

The Council owns many assets, including land, buildings, and vehicles. The most significant buildings owned by the Council are the Council Offices and Runnymede Leisure Centre in Benfleet, and Waterside Farm Leisure Centre and Knightswick Shopping Centre on Canvey Island. The Council also owns around 1,500 council houses. The capital value of the assets owned by the Council is reported on the Balance Sheet.

Total capital expenditure for 2023/24, across both General Fund and Housing Revenue Account, was **£5.9m**, as shown in Section 5 of this Narrative Report. The main items of capital expenditure during 2023/24 included:

- Council house improvements;
- Disabled Facilities and other home improvement grants; and
- Commencement of the refurbishment of the Paddocks community hall.

The Local Government Act 2003 includes provisions relating to capital expenditure and borrowing controls. These provisions require local authorities to determine and keep under review the amount of their affordable borrowing. They must also have regard to the Prudential Code for Capital Finance in Local Authorities issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with these provisions and the Prudential Code the amount the Council can afford to borrow is called the Affordable Borrowing Limit. This limit ensures that total capital investment remains within affordable and sustainable limits and that any impact on future Council Tax and Dwelling rent levels is acceptable.

The Council made early repayments of some of General Fund and HRA Loans in September 2022 to take advantage of discounts which were available, giving a net saving of just over **£3.4m**. The Council's General Fund borrowing now consists of a single fixed rate loan (in relation to the Knightswick Centre) at an interest rate of **1.08%** per annum. The Council's HRA borrowing consists of fixed rate loans at interest rates ranging from **2.31%** to **3.43%** per annum.

As at 31 March 2024 the Council had **£5.4m** relating to the purchase of the Knightswick Shopping Centre) of outstanding General Fund borrowing and **£27.3m** of outstanding Housing Revenue Account borrowings.

Note 13 to the Core Financial Statements, Non-Current Assets, contains details of the Council's capital expenditure and shows how it was financed. Note 19 to the Core Financial Statements, Financial Instruments, contains details of the Council's borrowing.

2.8 – Pension Scheme

As part of employment terms and conditions, the Council contributes towards the cost of post-employment benefits for its employees. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make future payments which need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered by Essex County Council (ECC). This is a funded defined benefit Career Average Revalued Earnings (CARE) salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets over the long term.

The scheme deficit or liability shows the underlying commitment that the Council has in the long run to pay future post-employment benefits. The current pension scheme asset means that the benefits earned by past and current employees are less than the resource the Council has set aside to meet them. The net liability of **£1.3m** as at 31 March 2024 is recorded in the Balance Sheet. Employer contributions take into account the forecast position of the pension fund and will be adjusted as necessary, up or down, to ensure the fund position balances in the long term.

Further detailed information in relation to the pension scheme is reported in Note 18 to the Core Financial Statements, Post-Employment Benefits and Net Pension Liability.

3 Descriptions of the Financial Statements

3.1 – Core Financial Statements

There are four core financial statements included in the Statement of Accounts, as follows:

3.1.1 – Comprehensive Income and Expenditure Statement (CI&ES)

The Comprehensive Income and Expenditure Statement consolidates all of the gains and losses of the Council during the year, so effectively reports the Council's financial performance for the year. It reports the consolidated position for both the General Fund and the Housing Revenue Account.

This statement shows the accounting cost in the year of providing services on an accounting basis, i.e. 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 taxation or funding position is different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement (MIRS). Therefore, in order to reflect the financial results for the year on a funding basis, i.e. as supported by Council Tax and Housing Rents, additional statutory accounting entries are required. These "Adjustments between accounting basis and funding basis under regulations" are reported in the MIRS and analysed in further detail in the accompanying notes.

Services reported within "Net Cost of Services" on the CI&ES are disclosed in accordance with the Council's internal reporting structure used for decision making and budget setting. Internal recharges between services are not reported on the CI&ES but are still included in the Expenditure and Funding Analysis (see below).

The line "(Surplus) / Deficit on the provision of services" shows the increase or decrease in the net worth of the Council as a result of incurring expenses and generating income. For 2023/24 this was an increase of **£7k**.

The line "Other Comprehensive Income and Expenditure" shows the increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets, and also from movements on pension fund assets and liabilities. For 2023/24 this amount decreased by **£26m**.

3.1.2 – Movement in Reserves Statement (MIRS)

The Movement in Reserves Statement summarises the change in the financial year across all reserves and balances held by the Council, both from incurring expenses and generating income through the Council's services, as well as changes in the fair values of assets held by the Council, and changes in the pension fund liability.

The statement shows the movement in reserves in the year, categorised as Usable Reserves (i.e. those which can be applied to fund expenditure or reduce local taxation) and Unusable Reserves. The Surplus / (Deficit) on the Provision of Services shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund and the Housing Revenue Account for setting Council Tax and Housing Rents. The "Net Increase / (Decrease) before Transfers to / (from) Earmarked Reserves" line shows the statutory General Fund and Housing Revenue Account balances for the year before any discretionary transfers to or from earmarked reserves undertaken by the Council.

3.1.3 – Balance Sheet

The Balance Sheet summarises the Council's overall financial position at the end of the financial year i.e. as at 31 March 2024. It shows the value of assets and liabilities recognised by the Council, which are presented in the top section. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council, which are reported in the bottom section. Reserves are reported in two categories, as follows:

- The first category of reserves is Usable Reserves, i.e. those reserves that the Council may use to fund the provision of services and meet future expenditure, both revenue and capital in nature. These are subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The total as at 31 March 2024 was **£34.4m**.

- The second category of reserves is Unusable Reserves. These are reserves that the Council is not able to use to provide services. This category 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 were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations." These represent the differences between the outcome of applying proper accounting practices, and the requirements of statutory arrangements for funding expenditure from Council Tax and Housing Rent receipts. The total as at 31 March 2023 was **£196m**.

3.1.4 – Cash Flow Statement

The Cash Flow Statement shows changes in cash and cash equivalents during the accounting period. The statement shows how the Council generates and uses cash and cash equivalents and classifies cash flows as operating, investing and financing activities. The net cash flow 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 for items such as borrowing and loan repayments.

Cash and Cash Equivalents are defined in accounting policy AP5, Cash and Cash Equivalents. The total movement in Cash and Cash Equivalents during 2023/24 was a decrease of **£1.2m**.

3.2 – Connections between the core financial statements

The relationship between the core financial statements can be described as follows:

- The Movement in Reserves Statement (MIRS) shows the changes in the Council's financial resources over the year;
- The Comprehensive Income and Expenditure Statement (CI&ES) shows the gains and losses that have contributed to the change in resources;
- The Balance Sheet shows how the resources available to the Council are held in the form of the Council's assets and liabilities; and
- The Cash Flow Statement shows how the movement in reserves has been reflected in cash flows.

The total movement in the year on the MIRS is equivalent to the Total Comprehensive Income and Expenditure on the CI&ES, and also equivalent to the change in both Net Assets and Total Reserves between the previous and current financial years on the Balance Sheet.

3.3 – Expenditure and Funding Analysis (EFA)

The Expenditure and Funding Analysis (EFA) shows how funding available to the Council has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows expenditure allocated between the Council's directorates. The EFA is included as Note 1 to the Core Financial Statements and can be found on page 45.

3.4 – Supplementary Financial Statements

There are three supplementary financial statements included in the Statement of Accounts, as follows:

3.4.1 – Housing Revenue Account (HRA) Income and Expenditure Statement

The Housing Revenue Account reflects a statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with the Local Government and Housing Act 1989.

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the funding basis through which rents are raised, is shown in the Movement on the Housing Revenue Account (HRA) Statement.

The majority of amounts shown on this statement are also included within the whole Council Comprehensive Income and Expenditure Statement.

The total on the HRA Income and Expenditure Statement for 2023/24 was an increase of **£703k**.

3.4.2 – Movement on the Housing Revenue Account (HRA) Statement

This statement shows how the HRA Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the HRA reserve balance for the year.

The HRA balance at the end of 2023/24 was **£1.9m**.

3.4.3 – Collection Fund Income and Expenditure Account

The Collection Fund is an agent's statement that reflects the statutory obligation for the Council, as a billing authority, to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Non-Domestic Rates (NDR).

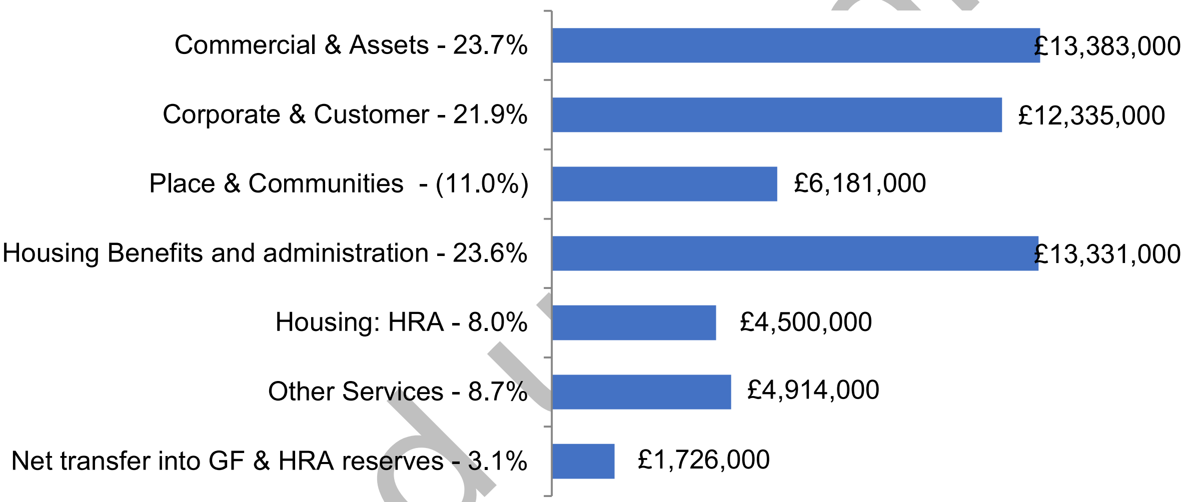
At the end of 2023/24 the Collection Fund reported a surplus on Council Tax of **£850k** and a surplus on NDR of **£1.8m.** These amounts will be shared in subsequent years between the Council, Central Government and the other major precepting authorities (Essex County Council, Essex Police, Fire and Crime Commissioner (PFCC) - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety).

4 Summary of the Council's Spending and Income

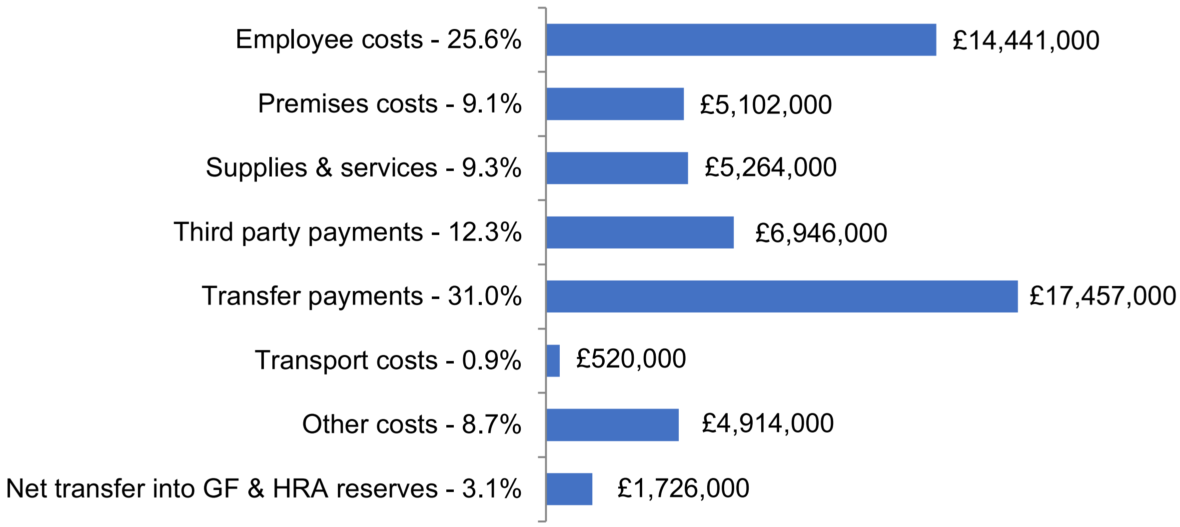
The following charts show in broad terms where the Council's money came from and what it was spent on during the year.

These figures represent a simplified version of the Council's revenue income and expenses, without the statutory adjustments such as capital charges that are required to be used in the amounts reported in the Statement of Accounts. They also exclude internal recharges between services and therefore figures shown are not directly comparable with those shown on the financial statements and supporting notes. The charts report combined figures for both the General Fund (GF) and Housing Revenue Account (HRA). All amounts are rounded to the nearest thousand pounds.

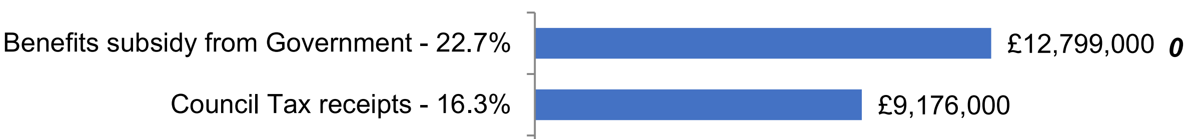
4.1 – Spending by the Council – by service area (total spent £56.37m)



4.2 – Spending by the Council – by cost type (total spent £56.37m)



4.3 – Income received by the Council (total received £56.37m)



4.4 - Council Service Definitions

The following paragraphs provide definitions of the Council services, as used in the preceding charts and elsewhere in the Statement of Accounts.

Commercial & Assets is the directorate which contains the Estates service which looks after the Council's buildings, the Recreation service which runs the Council's two leisure centres and community halls, the Waste & Recycling service and the Environment service which looks after the Council's parks and open spaces.

Corporate & Customer is the directorate which contains Finance & Procurement (including the Revenues and Benefits services), Legal and Democratic Services, People & Engagement and the Policy, Performance & Customer team. This also includes corporate activities and costs which are not allocated to any other specific service, including pension costs for past employees and properties not used as part of the Council's normal activities.

Place & Communities is the directorate that contains the Council's Climate & Growth team which includes economic development, along with the Development Services team which includes planning, the Housing (General Fund elements), Health & Partnerships team and the Environmental Health, Licensing & Community teams.

Housing Benefits and administration includes the cost of all Housing benefit payments made to claimants, and the cost of administering the Housing Benefit function.

Housing (Housing Revenue Account) includes the management and maintenance of the Council's own housing stock.

Place and Policy includes all planning services, such as building control, development control, planning policy, and economic development.

Other services consists of any expenditure which does not fall into the other categories. This includes payments of interest, the precept payment to Canvey Island Town Council, and contributions towards capital expenditure and capital funding. This relates to both the General Fund and Housing Revenue Account.

4.5 - Definition of types of cost and income

The following paragraphs provide definitions of the types of cost and income spent and received by the Council, as used in the preceding charts and elsewhere in the Statement of Accounts.

Employee costs primarily consists of the salaries of current employees. It also includes agency staff costs, National Insurance costs and pension scheme contributions as well as other miscellaneous staffing-related costs.

Premises costs consists of the operating costs of the Council's properties, including repair and maintenance costs and utility charges such as gas and electricity. It also includes costs in relation to Council owned land, such as grounds maintenance.

Supplies and services include costs of equipment, stationery, computer related costs, and various other miscellaneous expenditure items. Allowances paid to Councillors also fall within this category.

Third party payments consist of costs paid to external providers of services, for example the various other local authorities in Essex that the Council works in partnership with.

Transfer payments consists of costs paid by the Council for which no goods or services are received in return. This is primarily the payment of Housing Benefit to claimants.

Transport costs consists of the costs of operating the Council's vehicles, such as the refuse and recycling fleet. It also includes costs of using public transport and employee car allowances.

Other costs consist of any expenditure which does not fall into the other categories. This includes payments of interest, the precept payment to Canvey Island Town Council, and contributions towards capital expenditure and capital funding.

Benefits subsidy is the amount received from Central Government to reimburse the Council for payments it has made to claimants of Housing Benefits.

Council Tax receipts is the Council's share of the Council Tax it has collected from residents of the borough. The Council retains approximately 14 pence of every pound collected, with the remainder going to Essex County Council, Essex PFCC - Policing and Community Safety, Essex PFCC - Fire and Rescue Authority, and for Canvey Island residents only, Canvey Island Town Council.

Fees and charges consist of the income the Council has received from charging users of its services or facilities, for example community centres and leisure centres amongst others.

Grants and other contributions include grants and similar items received from Central Government and other bodies, including grants to fund specific expenditure, as well as general grants to fund overall Council services.

Non-Domestic Rates is the amount of business rates retained by the Council to fund Council services after the portions and tariffs paid to Central Government and major preceptors.

Rental income consists of income the Council has received from renting out its property to third parties. Rents from council house tenants are also included in this category.

Other income consists of various miscellaneous income amounts that do not fall within the other categories. An example would be the recycling credits received from Essex County Council.

Transfers to / from Reserves - when spending is greater than income received, the difference is taken from the Council's reserves. When spending is lower than income received, the difference is added to the Council's reserves.

5 Outturn for the Financial Year and Comparison to Budget

The following tables compare final outturn against budget for the financial year and include recharges between.

5.1 - The General Fund	Note	Actual (Income) & Expenditure £000s	Revised Net Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Net Expenditure item						
Commercial & Assets		6,122	7,332	(1,210)	76	(1,134)
Corporate & Customer		4,549	4,217	332	67	399
Place & Communities		4,466	5,608	(1,142)	281	(861)
Net cost of services		**15,137**	**17,157**	**(2,020)**	**424**	**(1,596)**
Exceptional items		116	0	116	0	116
Other operating expenditure/(income)		344	602	(258)	159	(99)
Financing and investment income and expenditure		(3,171)	(305)	(2,866)	2,236	(630)
(Surplus) / deficit on continuing operations		**12,426**	**17,454**	**(5,028)**	**2,819**	**(2,209)**
Council Tax income from the Collection Fund		(9,083)	(9,083)	0	0	0
Council Tax surplus from the Collection Fund		6	973	(967)	0	(967)
General Government Grants		(688)	(3,166)	2,478	0	2,478
National Non-domestic Rates (Net of tariffs and levies and safety net)		(4,186)	(1,482)	(2,704)	0	(2,704)
Capital grants and contributions		(152)	(1,360)	1,208	0	1,208
Council tax, business rates and non specific grant income and expenditure	4	(14,103)	(14,118)	15	0	15
(Surplus) / deficit on the provision of services		**(1,677)**	**3,336**	**(5,013)**	**2,819**	**(2,194)**
Adjustments between accounting basis and funding basis under regulations	1	655	1,323	(668)	0	(668)
Net transfer to / (from) Earmarked Reserves	2	1,248	(4,418)	5,666	(2,819)	2,847
Transfer (to) / from General Fund balance		**226**	**241**	**(15)**	**0**	**(15)**

5.2 - The Housing Revenue Account	Note	Actual (Income) & Expenditure £000s	Revised Net Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Income and expenditure						
Service Income		(8,867)	(8,808)	(59)	0	(59)
Service Expenditure		9,747	7,466	2,281	0	2,281
Net Expenditure / (Income) of HRA Services		**880**	**(1,342)**	**2,222**	**0**	**2,222**
HRA Share of other whole Council income and expenditure	3	792	610	182	0	182
(Surplus) / deficit on the provision of HRA services		**1,672**	**(732)**	**2,404**	**0**	**2,404**
Adjustments between accounting basis and funding basis under regulations	1	(2,376)	(79)	(2,297)	0	(2,297)
Net transfer to / (from) Earmarked Reserves	2	1,000	1,000	0	0	0
Transfer (to) / from HRA reserve		**296**	**189**	**107**	**0**	**107**

5.3 - The Capital programme	Note	Actual Expenditure £000s	Revised Budget £000s	Difference £000s	Budget Carried Forward £000s	Final Residual Difference £000s
Capital Expenditure by service						
Corporate & Customer		39	0	39	0	39
Commercial & Assets		414	3,399	(2,985)	3,074	89
Place and Policy		341	2,631	(2,290)	1,846	(444)
Housing - Housing Revenue Account		5,088	5,254	(166)	103	(63)
Total Capital Expenditure		**5,882**	**11,284**	**(5,402)**	**5,023**	**(379)**

5.4 - Notes on outturn and comparison to budget

The following notes provide further information on the more significant amounts and differences reported in the three previous tables. A positive amount in the difference column means there has been either an overspend on expenditure and/or a shortfall in expected income, whereas a negative amount, i.e. an amount in brackets, means there has been either an underspend on expenditure and / or a greater amount of income received than expected.

Note 1 – A full breakdown of the statutory amounts included in these lines can be found at Note 11 accompanying the Movement in Reserves Statement.

Note 2 – The Council maintains several earmarked reserves for specific purposes. The balance remaining at 31 March 2024 in each of these reserves will be carried forward into the new financial year. Details of the movements and balances in these reserves are set out in Note 12.1 to the Core Financial Statements.

Note 3 – The majority of difference on this line relates to statutory adjustments which are reversed through the "Adjustment between accounting basis and funding basis under regulations" line, and as such do not affect the Housing Revenue Account balance.

Note 4 – Non-Domestic Rating income is returning to pre-covid levels.

Statement of Responsibilities for the Statement of Accounts

Responsibilities of the Council

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 (known as the section 151 officer). For Castle Point Borough Council, that officer is the Assistant Director, Finance & Procurement, Lance Wosko ACMA CGMA;

- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and

- approve the Statement of Accounts.

Responsibilities of the Financial Services Manager

The section 151 officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the section 151 officer has:

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

The section 151 officer has also:

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Council as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Lance Wosko ACMA CGMA
Assistant Director, Finance & Procurement
(s151 officer)
16 January 2025

I confirm that the Statement of Accounts was approved by the Audit and Governance Committee at the meeting held on [date].

Signed on behalf of Castle Point Borough Council by the Chair of the meeting approving the Accounts.

[to be signed following the meeting]

Councillor Nick Harvey
Chair of Audit Committee
[date]

External Auditor's Report

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Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. The Council raises taxation and rents to cover expenditure in accordance with statutory requirements; this funding position is different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis. This statement reports the consolidated position for both the General Fund and the Housing Revenue Account.

Gross Expend 2022/23 £000s	Gross Income 2022/23 £000s	Net Expend 2022/23 £000s		Notes	Gross Expend 2023/24 £000s	Gross Income 2023/24 £000s	Net Expend 2023/24 £000s
			Gross Expenditure, Gross Income and Net Expenditure of Continuing Operations				
9,564	(8,794)	770	Commercial & Assets		15,239	(9,745)	5,495
21,308	(14,807)	6,501	Corporate & Customer		25,623	(18,101)	7,522
6,966	(5,267)	1,699	Place & Communities		6,408	(3,390)	3,017
6,288	(8,100)	(1,813)	Housing: Housing Revenue Account (HRA)		8,851	(8,867)	(17)
44,126	**(36,968)**	**7,157**	**Net Cost of Services - Continuing Operations**		**56,121**	**(40,103)**	**16,017**
			Exceptional Items				
(10)	(2,830)	(2,840)	VAT claims		302	(187)	115
44,116	**(39,798)**	**4,317**	**Net Cost of Services after Exceptional Items**		**56,423**	**(40,290)**	**16,132**
			Other Operating Expenditure				
		303	(Gain) / loss on disposal / derecognition of non-current assets				679
		263	Payment of precept to Canvey Island Town Council				274
		0	Payment of Housing Pooled Capital Receipts to the Government Pool				0
		59	Pensions - IAS19 administration expenses	18			70
			Financing and Investment Income and Expenditure				
		1,118	Interest payable on debts and finance leases, and similar charges	19			931
		0	Interest payable element of finance leases				0
		(1,736)	Interest and investment income receivable, and similar income				(2,011)
		(203)	Investment Properties - income, expenditure, changes in the fair value of assets, and (gains) / losses on disposal or derecognition	13			(243)
		302	Pensions - net interest on the net defined benefit liability	18			(1,265)
		4,423	**(Surplus) / Deficit on Continuing Operations**				**14,567**

Gross Expend 2022/23 £000s	Gross Income 2022/23 £000s	Net Expend 2022/23 £000s		Notes	Gross Expend 2023/24 £000s	Gross Income 2023/24 £000s	Net Expend 2023/24 £000s
			Gross Expenditure, Gross Income and Net Expenditure of Continuing Operations				
9,564	(8,794)	770	Commercial & Assets		15,239	(9,745)	5,495
21,308	(14,807)	6,501	Corporate & Customer		25,623	(18,101)	7,522
6,966	(5,267)	1,699	Place & Communities		6,408	(3,390)	3,017
6,288	(8,100)	(1,813)	Housing: Housing Revenue Account (HRA)		8,851	(8,867)	(17)
44,126	**(36,968)**	**7,157**	**Net Cost of Services - Continuing Operations**		**56,121**	**(40,103)**	**16,017**
			Exceptional Items				
(10)	(2,830)	(2,840)	VAT claims		302	(187)	115
44,116	**(39,798)**	**4,317**	**Net Cost of Services after Exceptional Items**		**56,423**	**(40,290)**	**16,132**
			Other Operating Expenditure				
		303	(Gain) / loss on disposal / derecognition of non-current assets				679
		263	Payment of precept to Canvey Island Town Council				274
		0	Payment of Housing Pooled Capital Receipts to the Government Pool				0
		59	Pensions - IAS19 administration expenses	18			70
			Financing and Investment Income and Expenditure				
		1,118	Interest payable on debts and finance leases, and similar charges	19			931
		0	Interest payable element of finance leases				0
		(1,736)	Interest and investment income receivable, and similar income				(2,011)
		(203)	Investment Properties - income, expenditure, changes in the fair value of assets, and (gains) / losses on disposal or derecognition	13			(243)
		302	Pensions - net interest on the net defined benefit liability	18			(1,265)
		4,423	**(Surplus) / Deficit on Continuing Operations**				**14,567**

Gross Expend 2022/23 £000s	Gross Income 2022/23 £000s	Net Expend 2022/23 £000s		Notes	Gross Expend 2023/24 £000s	Gross Income 2023/24 £000s	Net Expend 2023/24 £000s
			Taxation and Non-Specific Grant Income and Expenditure				
		(8,797)	Council Tax income				(9,082)
		(820)	Council Tax surplus transferred from the Collection Fund				6
		(7,232)	Non-Domestic Rates (NDR) income				(8,734)
		4,202	NNDR Tariff, Levy and safety net payments and receipts				4,548
		(1,053)	Revenue Support Grant and General Government Grants	10			(688)
		(585)	Capital grants and contributions	10			(623)
		(14,285)	**Total Taxation and Non-Specific Grant Income and Expenditure**				**(14,573)**
		(9,862)	**(Surplus) / Deficit on the Provision of Services**				**(6)**
			Other Comprehensive Income and Expenditure				
			Items non-reclassifiable to (Surplus) / Deficit on Continuing Operations:				
		(8,329)	• (Surplus) / deficit on revaluation of non-current assets	12.6 & 13			4,668
		(32,698)	• Pensions - remeasurements of the net defined benefit (assets) / liabilities	12.5 & 18			21,331
		(41,027)	**Total Other Comprehensive Income and Expenditure**				**25,999**
		(50,889)	**Total Comprehensive Income and Expenditure**				**25,993**

Movement in Reserves Statement

This statement shows the movement from the start to the end of the financial year on the different reserves held by the Council, analysed into Usable Reserves (i.e. those which can be applied to fund expenditure or reduce local taxation) and other Unusable Reserves. The Movement in Reserves Statement shows how the movements in the year of the Council's reserves are broken down between gains and losses in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax and housing rents for the year. The "Net increase / (decrease) during the year" shows the General Fund Balance and Housing Revenue Account Balance movements in the year after these adjustments and after discretionary transfers to or from earmarked reserves undertaken by the Council.

	Notes	Usable Reserves: General Fund (GF) Balance	Housing Revenue Account	GF & HRA Earmarked Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves: Pensions Reserve	Revaluation Reserve	Capital Adjustment Account	Other Adjustment Accounts	Total Unusable Reserves	Total Council Reserves
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance as at 1 April 2022		**5,792**	**2,075**	**16,538**	**3,823**	**2,445**	**80**	**30,753**	**(12,399)**	**77,844**	**84,859**	**(1,325)**	**148,979**	**179,732**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure		8,945	916	0	0	0	1	**9,862**	32,698	8,329	0	0	**0**	**50,889**
Adjustments between accounting basis and funding basis under regulations	11 & 12	(3,866)	(2,818)	0	211	540	0	**(5,933)**	(1,869)	(1,228)	6,196	2,834	**5,933**	**0**
Increase / (decrease) in the year before transfers to and from Earmarked Reserves		5,079	(1,902)	0	211	540	1	**3,929**	30,829	7,101	6,196	2,834	**46,960**	**50,889**
Transfers to and (from) Earmarked Reserves	12.1	(4,785)	1,000	3,785	0	0	0	**0**	0	0	0	0	**0**	**0**
Net increase / (decrease) during the year		**294**	**(902)**	**3,785**	**211**	**540**	**1**	**3,929**	**30,829**	**7,101**	**6,196**	**2,834**	**46,960**	**50,889**
0		**6,086**	**1,173**	**20,323**	**4,034**	**2,985**	**81**	**34,682**	**18,430**	**84,945**	**91,055**	**1,509**	**195,939**	**230,621**
Balance as at 1 April 2023		**6,086**	**1,173**	**20,323**	**4,034**	**2,985**	**81**	**34,682**	**18,430**	**84,945**	**91,055**	**1,509**	**195,939**	**230,621**
Movement in reserves during the year														
Total Comprehensive Income and Expenditure		1,678	(1,672)	0	0	0	1	**7**	(21,331)	(4,668)	0	0	**(25,999)**	**(25,992)**
Adjustments between accounting basis and funding basis under regulations	11 & 12	(655)	2,375	0	(1,036)	(984)	0	**(300)**	1,599	(1,409)	274	(164)	**300**	**0**
Increase / (decrease) in the year before transfers to and from Earmarked Reserves		1,023	704	0	(1,037)	(984)	1	**(293)**	(19,732)	(6,077)	274	(164)	**(25,699)**	**(25,992)**
Transfers to and (from) Earmarked Reserves	12.1	(1,248)	(1,000)	2,248	0	0	0	**0**	0	0	0	0	**0**	**0**
Net increase / (decrease) during the year		**(225)**	**(296)**	**2,248**	**(1,037)**	**(984)**	**1**	**(293)**	**(19,732)**	**(6,077)**	**274**	**(164)**	**(25,699)**	**(25,992)**
Balance as at 31 March 2024		**5,861**	**877**	**22,571**	**2,997**	**2,001**	**82**	**34,389**	**(1,302)**	**78,868**	**91,329**	**1,345**	**170,240**	**204,629**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of 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 limitation 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 Unusable Reserves, those that the Council is not able to use to provide services. This category 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 were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2023 £000s		Notes	31 March 2024 £000s	£000s
	Non-Current (Long Term) Assets			
216,207	Property, plant and equipment	13	209,589	
566	Heritage assets	13	562	
2,212	Investment properties	13	2,276	
75	Intangible assets		53	
170	Long term debtors	14 & 19	178	
0	Long term Investments	19	0	
18,430	Asset related to defined benefit pension scheme	18	0	
237,660	**Total Non-Current (Long Term) Assets**			**212,658**
	Current Assets			
37,641	Short term Investments	19	32,879	
73	Inventories		86	
7,638	Short term debtors	14 & 19	7,611	
519	Cash and cash equivalents	15	0	
45,871	**Total Current Assets**			**40,576**
	Current Liabilities			
(1,210)	Short term borrowing and finance lease liabilities	19	(7,209)	
(5,419)	Revenue and capital grants receipts in advance		(4,578)	
(13,142)	Short term creditors	17	(8,847)	
(577)	Provisions	21	(268)	
0	Cash and cash equivalents (net overdrawn total)	14	(722)	
(20,348)	**Total Current Liabilities**			**(21,624)**

31 March 2023 £000s		Notes	31 March 2024 £000s	31 March 2024 £000s
	Non-Current (Long Term) Liabilities			
(32,400)	Long term borrowing and finance lease liabilities	19	(25,500)	
(162)	Long term creditors	17	(180)	
0	Collection Fund - Government and major preceptors	16	0	
0	Liability related to defined benefit pension scheme	18	(1,302)	
(32,562)	**Total Non-Current (Long Term) Liabilities**			**(26,982)**
230,621	**Net Assets**			**204,628**
	Usable Reserves			
6,086	General Fund		5,859	
1,173	Housing Revenue Account		877	
20,323	Earmarked Reserves	12.1	22,572	
2,985	Major Repairs Reserve	11 & 12.2	2,001	
4,035	Capital Receipts Reserve	11 & 12.3	2,998	
80	Capital Grants Unapplied Account	11 & 12.4	80	
34,682	**Total Usable Reserves**			**34,387**
	Unusable Reserves			
18,430	Pensions Reserve	11, 12.5 & 18	(1,302)	
84,945	Revaluation Reserve	11, 12.6 & 13	78,868	
91,055	Capital Adjustment Account	11 & 12.7	91,329	
	Other Statutory Adjustment Accounts:			
890	• Collection Fund Adjustment Account	11 & 12.8	837	
(100)	• Accumulated Absences Account	11 & 12.8	(135)	
719	• Financial Instruments Adjustment Account	11 & 12.8	644	
195,939	**Total Unusable Reserves**			**170,241**
230,621	**Total Reserves**			**204,628**

I certify that the accounts present to the best of my knowledge a true and fair view of the financial position of the Authority as at 31 March 2024 and the income and expenditure for the year then ended.

Lance Wosko
Assistant Director, Finance & Procurement (s151 officer)
16 January 2024

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. It 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.

2022/23		Notes	2023/24	
£000s			£000s	£000s
	Operating Activities			
	Cash Outflows on Operating Activities			
9,444	Cash paid to and on behalf of employees		11,052	
263	Precept paid to Canvey Island Town Council		274	
8,488	Housing Benefit paid		7,790	
0	Payments to the Capital Receipts Pool		0	
4,150	Non-domestic Rates - net total of tariff, levy and safety net amounts to/from Central Government		4,554	
1,219	Interest paid, including interest on finance lease liabilities		931	
21,763	Cash paid to suppliers of goods and services, and other payments for Operating Activities		30,452	
45,327	**Total Cash Outflows on Operating Activities**			**55,053**
	Cash Inflows on Operating Activities			
(2,941)	Rents (after rebates)		(3,309)	
(9,308)	Council Tax received		(9,194)	
(5,549)	Non-domestic Rates received		(8,649)	
(1,022)	Revenue Support Grant and General Government Grants		1,122	
(13,344)	Housing Benefit Subsidy		(12,663)	
(7,235)	Cash received from the sale of goods and the rendering of services		(8,430)	
(1,579)	Interest received		(1,644)	
(6,999)	Other cash receipts from Operating Activities		(12,359)	
(47,977)	**Total Cash Inflows on Operating Activities**			**(55,126)**
(2,650)	**Net Cash (Inflow)/Outflow from Operating Activities**			**(73)**

2022/23 £000s		Notes	2023/24 £000s	£000s
	Investing Activities			
2,441	Purchase and enhancement of non-current (long term) assets		5,694	
(497)	Proceeds from the sale of non-current (long term) assets		(397)	
53	Expenses incurred on Investment Properties		70	
(252)	Rental income received from Investment Properties		(226)	
(74)	Government capital grants received		(160)	
(532)	Other capital grants and capital cash receipts		(471)	
266,301	Purchase of short term and long term investments		236,790	
(271,231)	Proceeds from redemption of short term and long term investments		(241,910)	
(3,791)	**Net Cash (Inflow)/Outflow from Investing Activities**			**(610)**
	Financing Activities	16		
8,601	Repayments of short term and long term borrowing		900	
	Collection Fund - Agency Adjustments:			
(477)	• Council Tax relating to major preceptors		572	
(2,242)	• Non-Domestic Rates relating to Central Government and major preceptors		452	
5,882	**Net Cash (Inflow)/Outflow from Financing Activities**			**1,924**
(559)	**Net (Increase)/Decrease in Cash and Cash Equivalents**			**1,241**
40	**Cash and Cash Equivalents as at 1 April**			(519)
(519)	**Cash and Cash Equivalents as at 31 March**	15		**722**

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AP1 - Accounting Policies – Introduction and General Principles

The Statement of Accounts summarises the Council's transactions for the 2023/24 financial year, 1 April 2023 to 31 March 20243, and its position at the year end date, 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and it has been prepared in accordance with proper accounting practices. These practices primarily comprise The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, based on International Financial Reporting Standards (IFRS) ("the Code"), and the associated Guidance Notes for Practitioners, both as published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting convention that has been adopted in the financial statements is primarily that of historical cost, modified using Fair Value for certain categories of assets and liabilities. Where relevant, materiality levels are stated under applicable accounting policies. These set tolerance limits, below which omissions or misstatements would not prevent the financial statements being fairly stated, nor affect the decisions or assessments made by users of the financial statements.

The following abbreviations are used throughout these policies:

- Comprehensive Income and Expenditure Statement – abbreviated to CI&ES.
- Movement in Reserves Statement - abbreviated to MIRS.
- Capital Adjustment Account – abbreviated to CAA.

Basis of preparation of the accounts

These accounts have been prepared on a going concern basis.

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the 2023/24 Code of Practice on Local Authority Accounting in the UK ('the Code') in respect of going concern reporting requirements, reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are revenue-raising bodies with limits on their revenue-raising powers set at the discretion of central government. If an authority were in financial difficulty and unable to provide its essential functions, possible options of last resort are that alternative arrangements might be made by central government for the continuation of the services it provides, or for additional financial assistance / flexibilities to be offered to enable the local authority to continue to operate e.g. to allow recovery of any deficit over more than one financial year.

The Council's investments and cash balances totalled **£32.9m** at 31 March 2024, which was held in either short term investments (maturing in 2024/25) or cash balances. These accessible balances are forecast to remain above **£10m** for the 2024/25 and 2025/26 financial years with longer term investments increasing to **£15m** by March 2026. The Council has the ability to borrow an additional **£11.5m**, forecast capacity, in 2024/25 should this be required.

The Council's General Reserves remain relatively healthy and exceed the minimum level of **£2.5m** recommended by the Council's s151 Officer.

In addition to General Reserves (**£5.3m** at 31 March 2024) the Council holds Earmarked Reserves to the value of **£21.6m** at 31 March 2024. These reserves are either supported by detailed spending plans which span several financial years, earmarked for transformation and spend to save initiatives or are held in respect of grants given to the Council for specific purposes (e.g. ringfenced grants). Earmarked Reserves are forecast to reduce to **£18.4m** by 31 March 2026. This forecast will change before the budget for 2025/26 is set in February 2025 as other items occur and timings of spend are confirmed.

Going forward there remains uncertainty around local government funding as well as the impact of high inflation on the cost of living, particularly on pay and energy costs. The Council's financial plans are designed as far as possible to smooth any detrimental impact which may arise, at least in the short term.

Future years budgets assume an ongoing reduction in funding from business rates. Whilst future years budgets are not balanced, work is progressing to establish plans to bring spending within resources and maintain the Council's track record of balanced budgets and healthy reserves. This is however made more difficult to achieve in the absence of certainty around future funding.

AP2 - Accounting Policy Changes

The Council only changes accounting policies where the change is required by the Code, or where the change results in the financial statements providing reliable or more relevant information on the Council's financial position, financial performance or cash flows. When an accounting policy is changed, the Council is required to apply the change retrospectively, and present comparative transactions and opening balances as if that new policy or changed policy had always been in place. In certain circumstances the Code will provide transitional provisions to be followed, which may mitigate or negate the impact of such a change.

There are no changes in policies effective from 2023/24 which impact on these accounts.

The Council is also required to disclose information on the impact of a change in accounting policy that will be required by an accounting standard that has been issued but not yet adopted. This applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. 1 January 2023 for the 2023/24 financial year). This disclosure is reported in Note 22 to the Core Financial Statements.

AP3 - Accruals of Income And Expenditure

The financial statements are prepared under the accruals basis of accounting. This means that transactions are accounted for in the financial year that the relevant activity took place, rather than when cash payments were 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.
- Revenue from Council Tax and Non-Domestic Rates is measured at the full amount receivable, net of any impairment losses, as these are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- Supplies are recorded as expenditure when they are used. Supplies received and not yet used at the Balance Sheet date are held as inventories on the Balance Sheet.
- Expenditure incurred by the Council is recorded as such when the associated services are received, as opposed to when payment is made.
- Interest receivable and payable to and from the Council are accounted for as income and expenditure based on the effective interest rate for the associated financial instruments rather than by the actual cash flows received and made.
- 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 the CI&ES for the income that might not be collected.

Low value items below **£200**, which have no material impact, may not always be accrued for and will remain in the financial year in which they were received or paid. Other immaterial items may also not be accrued where a full year's amount is already accounted for. Cash flow information, primarily the Cash Flow Statement, is prepared on a cash basis rather than an accruals basis.

AP4 - Administrative Overheads and Support Services Costs

Administrative overheads and other support service costs are apportioned across the service segments that benefit from the associated supply of service in accordance with the Council's arrangements for accountability and financial performance. This is done using a suitable basis of measurement or estimation, such as percentages or time recording. These recharges are not permitted under the Code to be included in the CI&ES but are included in all service lines reported in the Expenditure and Funding Analysis note in the column "Net Expenditure chargeable to the General Fund & HRA balances", and in the adjustments reconciling that note to the CI&ES.

AP5 - Cash and Cash Equivalents

Cash and cash equivalents are those sums held for the purposes of meeting short term cash commitments, as opposed to those sums held for investment and other purposes. Cash equivalents are generally short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of any change in value. Cash and cash equivalents primarily consist of the Council's net balance or overdraft on its current and call accounts with Lloyds Bank and any amounts held in petty cash floats.

The Council on occasion holds other investments which are repayable on demand, principally funds invested in Sterling Money Market Funds. Although they meet the above cash equivalent definition, they are used for investment purposes and to ensure security of funds rather than day to day cash management. Therefore, they are not included in cash and cash equivalents and are instead reported under Short Term Investments on the Balance Sheet. Should any amounts be held in other bank call accounts repayable on demand, although these would also primarily be held for investment purposes, they would be required to be recorded as part of cash and cash equivalents as they meet the statutory definition of cash.

AP6 - Collection Fund – Agency Arrangements

The financial statements reflect that the Council is acting as an agent on behalf of the major preceptors (Essex County Council, Essex PFCC - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety) for the collection and distribution of Council Tax income, and on behalf of Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority for the collection and distribution of Non-Domestic Rates (NDR). As a result, the Council Tax and NDR income included in the CI&ES is the accrued income for the year relating to Castle Point Borough Council and Canvey Island Town Council (for Council Tax only). The difference between the income included in the CI&ES and the amount required by regulation to be credited to the General Fund for the Council is taken to the Collection Fund Adjustment Account in the Balance Sheet. This adjustment is reported through the MIRS.

The shares of debtors, creditors, the appeals provision and impairment allowances balances on Council Tax and NDR payers which are attributable to Central Government and the precepting authorities are derecognised to reflect the agency arrangement. This is done by netting off these amounts against those bodies' share of the collection fund balance. The resulting net balances are split between current and non-current (long-term) creditors on the Balance Sheet.

The Cash Flow Statement includes within Operating Activities only those cash flows relating to the Council's own share of the Council Tax and NDR net cash collected. The amounts included in precepts paid exclude amounts relating to major preceptors and Central Government and only show the precept paid to Canvey Island Town Council, which as a parish council is not classified as a major preceptor. The difference between the Central Government and major preceptors' shares of the net cash collected, the net cash paid to them and the settlement of previous years surplus or deficit on the Collection Fund is included in Financing Activities as a net inflow or outflow in the two Collection Fund Adjustment lines.

Allowances are made for non-payment of debt by Council Taxpayers and Non-Domestic Rate payers, in accordance with policy note AP20.

AP7 - Employee Benefits – Benefits Payable During Employment

Benefits payable during employment are primarily those benefits paid to current employees that fall wholly due within 12 months of the year end. These include wages and salaries, compensated absences (see below), bonuses, and other non-monetary benefits such as leased cars (if applicable). Short term employee benefits are recognised on an accruals basis in the relevant lines under (Surplus) / Deficit on the Provision of Services on the CI&ES. Where they occur, non-monetary benefits (i.e. benefits in kind) are recognised at the cost to the Council of providing the benefit. Compensated absences are those periods during which an employee does not provide services to the Council, but benefits continue to be paid, including sick pay, annual leave and flexi leave. Entitlements to annual leave and flexi leave which have not been used by the end of the financial period are treated as accumulating compensated absences, which means they can be carried forward to the following financial period. The Council is required to accrue for the estimated cost, including employer’s National Insurance and pension contributions, of any outstanding accumulating compensated absences at the end of the financial period. The estimates are charged to the relevant lines under Net Cost of Services on the CI&ES, however to avoid any impact on Council Tax and Housing Rents, the amounts are reversed through the MIRS to an Unusable Reserve on the Balance Sheet: Accumulated Absences Account.

AP8 - Employee Benefits – Post-Employment Benefits

Employees of the Council are entitled to membership of the Local Government Pension Scheme (LGPS) which is accounted for as a defined benefits scheme. Further information on the scheme can be found in note 18 to the Core Financial Statements. Liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an estimate of the pensions that will be payable in future years based on assumptions about mortality rates, salary levels, etc. The liabilities are discounted to their current value, using a discount rate of **4.8%** (**2.6%** in 2021/22) derived using the Single Equivalent Discount Rate methodology and the annualised Merrill Lynch AA rated corporate bond yield. The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value (principally market value and bid value for investments).

The change in net pension liability each year is analysed into the following components:

- Current Service Cost – the increase in liabilities as a result of years of service earned during the current year, allocated across all relevant services on the CI&ES;
- Past Service Cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to service earned in earlier years, charged to the Central and Corporate Services line on the CI&ES;
- Administrative expenses – charged to Other Operating Expenditure on the CI&ES;
- Net Interest on the Net Defined Benefit Liability – the net interest expense for the Council, charged to Financing and Investment Income and Expenditure on the CI&ES. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability;
- Remeasurements – the return on plan assets (excluding amounts in Net Interest on the Net Defined Benefit Liability), and actuarial gains and losses arising from events not coinciding with assumptions made at the previous valuation, or changes to those assumptions. These are charged to Other Comprehensive Income and Expenditure on the CI&ES; and
- Employer contributions paid to the Pension Fund – not accounted for as an expense.

Statutory provisions require the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the MIRS there are appropriations to and from the Pensions Reserve to remove the amounts included in the CI&ES and replace them with amounts equivalent to the cost payable during the year. The negative balance on the Pensions Reserve, as reported on the Balance Sheet, measures the beneficial impact on the General Fund and Housing Revenue Account of being required to account for post-employment benefits on the basis of cash flows rather than as benefits are earned by employees.

AP9 - Employee Benefits – Termination Benefits

Termination benefits become payable as a result of either the Council terminating an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for these benefits. They are usually lump sum payments and include enhanced retirement benefits and/or salary to the end of a specified notice period if the employee provides no more service during that period. The benefits are recognised on an accruals basis as part of (Surplus) / Deficit on the Provision of Services on the CI&ES, at the earlier of when the Council can no longer withdraw the offer or when the Council recognises restructuring costs that involves paying termination benefits.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account to be charged with the amount payable by the Council in the year, not the amount calculated according to the relevant accounting standards. Adjustments are made to or from the Pension Reserve through the MIRS to remove the notional amounts for pension enhancement termination benefits and replace them with the amounts paid or payable for the year.

AP10 - Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur after the end of the accounting period, and before the date when the financial statements are authorised for issue. There are two types of events:

- **Adjusting events -** events that provide additional evidence regarding conditions which existed at the end of the accounting period. For these the Council is required to disclose the event and update any relevant amounts included in the financial statements; and
- **Non-Adjusting events -** events that provide evidence regarding conditions that arose after the end of the accounting period, prior to the date of approval. Where the event is material the Council is required to disclose the nature of the event, and an estimate of the financial effect of the event. Where estimation is not possible the Council is required to state that it is not possible.

Details of any events are reported in note 20 to the Core Financial Statements.

AP11 - Fair Value Measurement

In accordance with IFRS 13 the Council is required to measure some of its non-financial assets, in particular Investment Properties, at Fair Value, and also report the Fair Value of some of its financial instruments. Fair Value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the date of measurement. This assumes that the transaction takes place in the principal market for the asset or liability, or in the most advantageous market if there is no principal market.

The Council measures the Fair Value of an asset or liability using the assumptions that market participants would use when pricing it, assuming they were acting in their economic best interest and taking into account their ability to generate economic benefits by using the asset in its highest and best use or selling it on that basis. Appropriate valuation techniques are used for which sufficient data is available, where possible using observable rather than unobservable inputs:

- Observable inputs: developed using market data such as publicly available information about actual transactions;
- Unobservable inputs: for which data is not available and are developed using the best information available about assumptions that market participants would make.

Inputs to valuation techniques are categorised into the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices, that are either directly or indirectly observable;
- Level 3: Unobservable inputs.

AP12 - Financial Assets and Financial Liabilities

Financial assets and liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are initially measured at Fair Value and then subsequently carried at amortised cost. Interest is charged or credited to the Financing and Investment Income and Expenditure line in the CI&ES. These amounts are based on the principal outstanding multiplied by the interest rate for the instruments. The amounts for borrowing and investments shown on the Balance Sheet are the carrying amount, which is outstanding principal and accrued interest. No premiums nor discounts were charged or credited during the year.

As stated above, financial assets are classified and measured at amortised cost, none are measured at Fair Value through Profit and Loss. This is because no gains or losses are expected on investments. The Council's business model is to hold investments to collect contractual cash flows and so all are treated as solely payment of principal and interest.

The Council has not made nor received any soft loans at less than market rates, nor entered into any financial guarantees that are required to be accounted for as financial instruments.

Impairment losses reflect the expectation that the future cash flows might not take place because the debtor could default on their obligations. They are calculated using the simplified method on a collective basis, based on age of the debt and recovery stage, and by making a judgement on individual larger or overdue accounts, based on individual debtors' circumstances.

AP13 - Grants and Contributions (Government and Non-Government)

Revenue and Capital grants and contributions are accounted for on an accruals basis, and recognised immediately in the CI&ES, unless the grant has an outstanding condition that the Council has yet to satisfy, whereby the grant would have to be returned to the grant provider if not used as set out in the terms of the grant.

Grants with outstanding conditions which have not yet been met are held as Current Liabilities on the Balance Sheet, in either the Revenue Grants or Capital Grants Receipts in Advance Accounts. If any conditions are not satisfied, grants are repaid direct to the grant provider from these accounts. If there is insufficient balance or no balance for any grant remaining in the relevant account then the excess repayable is charged as an expense to the CI&ES. A grant or contribution may be received subject to a condition that it be returned to the grantor if a specified future event does or does not occur (for example, a grant may need to be returned if the Council ceases to use the asset purchased with that grant for a purpose specified by the grant provider). In these cases, an obligation to return does not arise until such time as it is expected that the condition will be breached and a liability is not recognised until that time. Such conditions do not prevent the grant or contribution being recognised as income in the CI&ES.

Grants are reported in Note 10 to the Core Financial Statements. The treatment of different types of grants and contributions with no outstanding conditions are as follows:

- **Capital grants and contributions** - the grant is recognised under Taxation and Non-Specific Grant Income on the CI&ES, and then transferred through the MIRS, to an appropriate capital reserve on the Balance Sheet, as follows:
    - If capital expenditure has been incurred the grant is credited to the CAA, to reflect the application of capital resources to fund capital expenditure.
    - If capital expenditure has not yet been incurred the grant is credited to the Capital Grants Unapplied Account. When capital expenditure subsequently occurs, the grant is then transferred from the Capital Grants Unapplied Account to the CAA.

- **Revenue grants and contributions** - general revenue government grants, which are not ring-fenced and not provided for a specific purpose, are recognised under Taxation and Non-Specific Grant Income and Expenditure on the CI&ES. Other grants which are for specific purposes are recognised as income for the relevant service line under Net Cost of Services. If a grant has been recognised but expenditure has not occurred then the Council may hold the balance of the grant in an earmarked reserve until such time as expenditure takes place. The analysis of the amounts recognised in the relevant service lines shown in Note 10.1 to the Core Financial Statements generally excludes immaterial grants below **£1,000.**
- **Capital grants and contributions funding Revenue Expenditure Funded from Capital under Statute (REFCUS)** - grants to fund REFCUS are deemed to be revenue grants, as these amounts are only capital for statutory capital control purposes. These grants are therefore treated in accordance with the above revenue grant principles. However, an additional adjustment is required through the MIRS to transfer the grant to the CAA if expenditure has occurred, or the Capital Grants Unapplied Account, if expenditure has not occurred. Where a capital grant is held and expenditure has not yet been incurred, and the decision has yet to be taken whether the grant will fund capital expenditure or REFCUS expenditure, the unused grant is deemed to be a capital grant and is held under either the Capital Grants Receipts in Advance account or the Capital Grants Unapplied Account, depending on whether the grant has outstanding conditions or not. Please also refer to policy note AP23 on REFCUS for further information.

AP14 - Leasing Arrangements

Leases are classified as either finance leases or operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Any lease which does not meet these criteria is classified as an operating lease. Where a lease covers both land and buildings, they are required to be split between the land and building elements for the purposes of classifying the lease as finance or operating lease. The accounting adjustments required for leases are as follows:

- **Finance leases - Council is lessee -** the Council is required to recognise the lease as an asset and corresponding liability on the Balance Sheet, at an amount equal to the Fair Value of the asset; or the present value of the minimum lease payments, if that is lower. Minimum lease payments are apportioned between the finance charge, which is the interest element of the lease and is recognised under Financing and Investment Income and Expenditure on the CI&ES, and the reduction in the outstanding liability on the Balance Sheet. The asset is subsequently depreciated over the term of the lease, or, if longer, over the useful life of the asset when it is certain that the Council will purchase the asset at the end of the lease term. Depreciation is applied in accordance with policy note AP16.9. Where applicable, assets held by the Council under finance leases are re-valued in accordance with policy note AP16.3. See also policy note AP15 regarding the Minimum Revenue Provision for finance leases.
- **Finance leases - Council is lessor -** the Council is required to derecognise the asset leased out and recognise a debtor for the net investment in the lease. The lease repayments made to the Council are apportioned between repayment of the outstanding liability on the Balance Sheet and a receipt of interest from the finance charge. The finance charge is recognised as income under Financing and Investment Income and Expenditure on the CI&ES. The Council has set a de minimis level of **£2.5k**, whereby any lease with annual rental income below that amount that would otherwise be classified as a finance lease, will be treated as an operating lease, on grounds of materiality.
- **Operating leases – Council is lessee** - lease payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease. Operating lease payments are charged to the relevant lines under Net Cost of Services on the CI&ES.

- **Operating leases – Council is lessor** - Assets which the Council leases out under operating lease arrangements remain on the Council's Balance Sheet under Property, Plant and Equipment or Investment Properties and are accounted for in accordance with policy notes AP16 and AP17. Operating lease receipts relating to Investment Properties are recognised under Financing and Investment Income and Expenditure on the CI&ES. Other operating lease receipts are credited to the relevant lines reported under Net Cost of Services on the CI&ES.

Implementation of IFRS16 Leases has been deferred until 1 April 2024. The Council is reviewing the effect of the new standard to ascertain the impact on the financial statements and inform a new policy.

AP15 - Minimum Revenue Provision (MRP)

Regulations require the Council to approve an Annual Statement of Minimum Revenue Provision (MRP). MRP is an amount which is set aside from revenue annually for the repayment of debt principal relating to the General Fund. It must be an amount which the Council considers to be prudent and is recognised in the MIRS, with a corresponding credit to the CAA in the same statement. The Council calculates MRP using the Asset Life Method for new borrowing under the Prudential system for which no Government support is being given. This option makes provision over the estimated life of the asset for which the borrowing is undertaken. On occasion the Council may take a more prudent approach of applying MRP charges over a shorter term than the estimated life of the associated asset. A further MRP charge is also required for finance leases where the Council is lessee. This is applied using the Annuity Method, whereby the annual MRP charge is equivalent to the reduction in the outstanding liability on the lease reported on the Balance Sheet, over the term of the lease.

AP16 - Non-Current (Long Term) Assets – Property, Plant and Equipment (PPE)

AP16.1 – Recognition

These are assets with a physical substance, that have a cost that can be reliably measured, have a life of more than one year, and it must be probable that some future economic benefit or service potential associated with the asset will flow to the Council. All expenditure on the acquisition, creation or enhancement of property, plant and equipment (PPE) assets is capitalised on an accruals basis. The Council operates a de minimis limit of **£10,000** below which items will be charged to revenue rather than to capital.

AP16.2 – Initial measurement

PPE assets are initially measured at cost and capitalised on an accruals basis. The measurement of cost primarily comprises the purchase costs and all expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use.

AP16.3 – Subsequent measurement after initial recognition

Assets are valued on the basis recommended by CIPFA in the Code, and in accordance with the Statement of Asset Valuation Principles and Guidance Notes, issued by the Royal Institution of Chartered Surveyors (RICS). Infrastructure assets are generally measured at historical cost, adjusted where applicable for subsequent depreciation and impairment. Community assets can be measured at either depreciated historical cost, or at valuation, and the Council has opted to measure at the former. All other classes of asset are measured at their current value, using the following valuation methods:

- Current value determined using the basis of existing use value for social housing (EUV-SH). As part of this valuation method, a vacant possession factor is applied to the valuation of the Council dwellings to represent their continued use as residential accommodation.
- Current value, determined as the amount that would be paid for the asset in its existing use (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.
- Vehicles, plant and equipment assets which are either of a low value or have a short life are included at depreciated historical cost, which is deemed to be a materially sufficient proxy for depreciated replacement cost.

The valuation methods for PPE assets are summarised as follows:

Type of Asset	Valuation Method
Council dwellings	Existing use value and existing use value – social housing
Other land and buildings	Existing use value and depreciated replacement cost
Infrastructure assets	Depreciated historical cost
Community assets	Depreciated historical cost
Vehicles, plant and equipment	Depreciated historical cost

Council dwellings and other land and buildings, require the use of two valuation methods, depending on the nature and usage of the individual asset.

AP16.4 – Revaluations

Classes of assets held at current value are carried at re-valued amounts. The revalued amount is the asset's current value at its most recent date of valuation, less any subsequent accumulated depreciation and accumulated impairment. When assets are re-valued the accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the new re-valued amount of the asset. Revaluations of assets are carried out by a qualified valuer as follows:

- Council dwellings and garages are re-valued annually on a beacon basis; and
- All other classes of assets required to be re-valued are re-valued as part of a rolling five-year programme. Therefore around 20% of the total assets, by number, are re-valued each year. Several the Council's highest value assets are however revalued on a more frequent basis, usually annually, where appropriate taking consideration of material or significant changes that might indicate the need for a valuation.

Council houses are re-valued using the Guidance on Stock Valuation for Resource Accounting issued by the Department for Levelling up, Housing and Communities (DLUHC), updated in 2016. The guidance allows qualified valuers the ability to vary the rate at which the discount for vacant possession adjustment is made. The valuer has adopted the discount rate applying to the South East region as it was deemed that the property market in Castle Point corresponded and conformed with the property market in Kent and the South East region rather than the more rural aspect of the Eastern region.

As stated above, the approach to Council dwelling and garages works on a beacon basis. Under this methodology the dwellings are placed into groups by property type, and also separately between Canvey Island and the mainland, so for example mainland one bed flats, Canvey three bed houses, and so on. A sample property, the "beacon", is selected which is deemed to be representative of all properties in each group. The valuation of this beacon property is used as the base valuation from which the valuations of the other dwellings in each group are derived.

Material changes to asset valuations are adjusted in the accounts in the year that they occur. Revaluation gains, which are increases in value, are generally credited to the Revaluation Reserve. This is an unusable reserve used to record unrealised gains from changes in value of assets. Revaluation losses, which are decreases in value, are also generally charged to the Revaluation Reserve, provided previous valuation gains are available for the relevant assets. The Revaluation Reserve only contains gains recognised since 1 April 2007, the date that this reserve was formally implemented. Gains arising before that date were consolidated into the CAA. Under certain circumstances gains and losses can also be credited or charged to the relevant service line on the CI&ES.

AP16.5 – Impairments

Impairment arises when the carrying amount of an asset exceeds its recoverable amount:

- The carrying amount is the amount at which the asset is recognised in the Council's accounts, i.e. its historical or re-valued amount, less any accumulated depreciation and accumulated impairment loss.
- The recoverable amount of an asset is the higher of its net selling price (Fair Value less costs to sell) and its value in use (the present value of the asset's remaining service potential).

Examples of impairment include a significant decline in an asset's carrying amount, more than would be expected as a result of the passage of time or normal usage, or obsolescence or physical damage to an asset. Assets are reviewed annually at the end of the financial year by the Council's qualified valuers, to assess if there is any need for an impairment adjustment, or any reversal of a previous impairment adjustment. If any indication exists that an asset is impaired then the asset's carrying amount is required to be reduced to the estimated recoverable amount or increased if the previous impairment has been reduced.

AP16.6 – Treatment of revaluations and impairments

The specific treatment of revaluation and impairment gains and losses is as follows:

- **Revaluation gains -** Revaluation gains are generally recognised in the Revaluation Reserve and are also reported as part of Other Comprehensive Income and Expenditure on the CI&ES. If, however, the gain is reversing a previous revaluation loss charged to the (Surplus) / Deficit on the Provision of Services in the CI&ES, then the gain is credited back to the relevant line previously charged under Net Cost of Services. The reversal shall not exceed the carrying amount of the asset that would have been determined (net of depreciation) had no prior revaluation decrease been recognised for the asset. Any excess gain above this amount is recognised in the Revaluation Reserve. Any gains credited to the (Surplus) / Deficit on the Provision of Services are transferred to the CAA, through the MIRS.
- **Revaluation losses -** Revaluation losses are initially recognised against any credit balance held for the same asset in the Revaluation Reserve and are also reported as part of Other Comprehensive Income and Expenditure on the CI&ES. If no balance exists for the asset in the Revaluation Reserve, or the loss exceeds the balance held, then the additional amount is charged to the relevant service line under Net Cost of Services as part of the (Surplus) / Deficit on the Provision of Services in the CI&ES. Any such losses charged to the (Surplus) / Deficit on the Provision of Services are appropriated to the CAA, through the MIRS.
- **Impairment reversals -** Any impairment loss previously recognised in the (Surplus) / Deficit on the Provision of Services in the CI&ES is only reversed when there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Generally, this occurs when the example circumstances noted in section AP16.5 above are mirrored. The reversal shall not exceed the carrying amount of the asset that would have been determined (net of depreciation) had no prior revaluation decrease been recognised for the asset. Excess gains above this amount are treated as a revaluation gain and recognised in the Revaluation Reserve. Any gains credited to the (Surplus) / Deficit on the Provision of Services are transferred to the CAA, through the MIRS.
- **Impairment losses -** Impairment losses are initially recognised against any credit balance held for the same asset in the Revaluation Reserve and are also reported as part of Other Comprehensive Income and Expenditure on the CI&ES. If no balance exists for the asset in the Revaluation Reserve, or the loss exceeds the balance held, then the additional amount is charged to the relevant service line under Net Cost of Services as part of the (Surplus) / Deficit on the Provision of Services in the CI&ES. Any such losses charged to the (Surplus) / Deficit on the Provision of Services are appropriated to the CAA, through the MIRS.

AP16.7 – Disposals

When an asset is derecognised on disposal, any gain or loss arising on the disposal is reported as part of Other Operating Expenditure on the CI&ES. The gain or loss is calculated as the difference between the net disposal proceeds (proceeds of the sale less costs to sell), which are credited to

Other Operating Income and Expenditure, and the carrying amount of the asset on the Balance Sheet, which is debited to Other Operating Income and Expenditure.

The gain or loss on disposals is not a proper charge to the General Fund and / or Housing Revenue Account. As such, the gain or loss recognised under the (Surplus) / Deficit on the Provision of Services is appropriated to the CAA, through the MIRS, except for capital receipts less than **£10,000** and associated disposal costs which are treated as revenue transactions within the CI&ES.

Any residual revaluation gains in the Revaluation Reserve are transferred from the Revaluation Reserve to the CAA, again through the MIRS, and the net disposal proceeds are credited to the Capital Receipts Reserve.

AP16.8 – Capital Receipts

The proceeds from sales where Housing tenants have exercised the right to purchase their dwellings under the Right to Buy (RTB) scheme, as well as from other asset disposals, are known as capital receipts. Receipts in excess of **£10,000** are categorised as capital receipts. Receipts of **£10,000** or less are generally deemed to be de minimis and accounted for as revenue receipts within the CI&ES.

Legislation prescribes the portions of housing property capital receipts which must be paid to Central Government. For RTB disposals of houses the following two deductions are made:

- An amount based on a Central Government calculation which is intended to compensate the Council for debt which may be still outstanding against the sold property, as determined by the original self-financing of the HRA. This amount is available to use for future HRA capital expenditure or HRA debt repayment.
- An administration allowance of **£1,300** per RTB sale, treated as HRA revenue income.

The remaining balance after these deductions is then split as follows:

- Central Government receives **69.9%** of the receipt, capped at **£150,854** for 2022/23, paid annually.
- The Council receives **30.1%** of the receipt, capped at **£64,932** for 2022/23. This amount is available to contribute to any new capital expenditure incurred by the Council.

Where receipts are below the stated amounts, they are shared based on the above percentages.

Finally, any residual receipt above these levels is held by the Council for a period of 5 years from the end of the year it was received in and can only be used for the replacement of council properties. If after this time an amount remains unspent it is required to be repaid, with interest, to Central Government. Any amounts payable to Central Government are charged to Other Operating Expenditure on the CI&ES, and then reversed through the MIRS to avoid any impact on Council Tax or Housing Rents.

The capital receipts retained by the Council after any deductions are credited to the Capital Receipts Reserve on an accruals basis. They are then immediately available to finance new capital expenditure, subject to the above conditions for usage of housing receipts. Receipts are appropriated to this reserve through the MIRS. The Council has in the past taken advantage of an exemption to the regulations requiring local authorities to pay over to the Government **50%** of all capital receipts received from the disposal of housing land, by designating its use for delivering affordable housing or regeneration projects.

Some statutorily defined capital receipts do not arise from the disposal of a non-current asset and represent income under the general provisions of the code (e.g. the repayment of a grant awarded by the Council to enhance a non-current asset by the recipient). The income received is credited to the CI&ES. A transfer to the Capital Receipts Reserve through the MIRS reverses out the income so that there is no impact on the level of Council Tax or Housing Rents.

AP16.9 – Depreciation

Depreciation is the process by which the consumption of the economic benefits or service potential inherent in an item of property, plant and equipment is recognised in the cost of services. This is done by allocating depreciable amounts over the useful life of each asset. In effect depreciation measures the extent to which the Council's resources have been used up during a financial year using property, plant and equipment in the provision of services.

Depreciation is required to be provided for on all assets classified as Property, Plant and Equipment, except for freehold land, which is deemed to have an unlimited useful life. All operational buildings, vehicles, plant and equipment, and other relevant non-land assets are depreciated from date of purchase on a straight-line basis over the period of their useful life, i.e. an equal amount is charged in each financial year over the life of an asset.

Depreciation is charged to the relevant lines reported under Net Cost of Services on the CI&ES. However, depreciation is not a proper charge to the General Fund and/or Housing Revenue Account. As such the depreciation charges are appropriated to the CAA, through the MIRS.

Additional adjustments through the Major Repairs Reserve are also made in connection to depreciation on Housing Revenue Account assets.

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 CAA. This transfer is also reported through the MIRS.

AP16.10 – Componentisation

Any part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the asset is required to be depreciated separately over its useful life. This is achieved by separately accounting for any significant components of an asset that have different useful lives. All assets are already split out between the land and buildings elements, and componentisation relates to the building element only, and other non-land assets.

Componentisation is applied on material asset acquisitions, enhancements and revaluations. The Council has set a de minimis level for componentisation, as follows:

- Componentisation will be applied for any revaluations and enhancements on the Council's three most significant Property, Plant and Equipment assets: Benfleet Council Offices, Runnymede Pool, and Waterside Farm Sports Centre.
- On revaluation of other assets, componentisation will be applied where:
  - The component represents 20% or more of the whole asset (excluding land);
  - The component life is different to the core structure of the asset by 5 years or more; and
  - The resulting change in annual depreciation arising from the above two criteria for the individual asset in question will exceed **£5,000**;
  - Any asset with components below these threshold levels will not be accounted for separately for componentisation purposes, on grounds of materiality.
- For other significant acquisition or enhancement expenditure, componentisation will be reviewed on a case-by-case basis with the Council's qualified valuers, when such expenditure is incurred. For some assets the valuer applied a weighted average life to the asset to take into account componentisation.
- Vehicles, plant and equipment, which generally have useful lives of around 7 years or less, and other assets of a short life will not be componentised.
- For Council dwellings in the Housing Revenue Account it was deemed in discussion with the Council's qualified valuers that a level of **20%** would be a suitable component materiality threshold. There were no components above that threshold, therefore componentisation was not applied to those assets. An adjustment is made to derecognise replaced components as part of the annual major replacement programmes – see policy note AP16.11 below.

AP16.11 – Enhancement and derecognition

As well as on disposal, the Council is also required to derecognise an asset or asset component where no future economic benefit is expected from the use of that asset or asset component. As a result, when an asset component is replaced or restored, the carrying value of that element is derecognised, and the carrying value of the new component is recognised in its place. The derecognition of the previous element is required regardless of whether that component was accounted for separately for depreciation purposes or not - see policy note AP16.10 above.

Where the carrying value of the replaced component is not known, the cost of the new component is used as an indication of the cost of the replaced component, adjusted for depreciation and impairment where applicable. Some replaced components also have an inflation adjustment applied to reduce them back to the estimated value at the point the original cost was incurred. The carrying value of the derecognised component is then charged as part of the (gain) / loss on disposal / derecognition of non-current (long term) assets entry reported under Other Operating Income and Expenditure.

Enhancement derecognition and component derecognition are not proper charges to the General Fund and Housing Revenue Account for the purposes of setting Council Tax and Housing Rents. As such, the charges are appropriated to the CAA, through the MIRS. Any residual revaluation gains in the Revaluation Reserve relating to the component are transferred from the Revaluation Reserve to the CAA, again through the MIRS.

AP17 - Non-Current (Long Term) Assets – Investment Properties

Investment Properties are properties held solely to earn rental income, capital appreciation, or both. Property held for the purpose of regeneration is accounted for in Property, Plant and Equipment, and not as an Investment Property. Investment Properties are accounted for in accordance with the relevant sections of policy AP16, with the following exceptions:

- Investment properties are all re-valued on 1 April annually at their Fair Value, as defined in Accounting Policy AP11. All revaluation and impairment gains and losses on Investment Properties are charged directly to Financing and Investment Income and Expenditure under the (Surplus) / Deficit on the Provision of Services on the CI&ES, rather than to or from the Revaluation Reserve. They are then appropriated to the CAA, through the MIRS;
- If an asset is transferred to Investment Properties from Property, Plant and Equipment assets, the asset is re-valued to Fair Value at the point of transfer, and any revaluation gain or loss is recognised in the Revaluation Reserve (for the reversal of any former losses, this is first applied against any loss previously charged to the relevant service line under Net Cost of Services in the CI&ES for that asset, and then subsequently to the Revaluation Reserve). Any such balance is held on the Revaluation Reserve until such time as the asset is derecognised;
- Gains and losses on the disposal of Investment Properties are also charged to Financing and Investment Income and Expenditure on the CI&ES, and are appropriated to the CAA, through the MIRS;
- Investment properties are not depreciated; and
- Expenditure incurred and rental income received on investment properties are both recognised under Financing and Investment Income and Expenditure on the CI&ES. The expenditure relates to those properties where the Council is responsible for structural or other repairs as part of the relevant rental agreements.

AP18 - Non-Current (Long Term) Assets – Heritage Assets

Heritage Assets are tangible or intangible assets which have historical, artistic, scientific, technological, geophysical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. They are also intended to be preserved in trust for future generations due to their cultural, environmental or historical associations. They are accounted for in accordance with FRS102, Heritage Assets, and are disclosed separately on the face of the Balance Sheet. The Council primarily has the following Heritage Assets:

- **Memorials, statues, and other miscellaneous heritage assets** - This includes various war memorials found around the borough, as well as other memorials, statues, and other similar items. These items are accounted for using annual insurance valuations.
- **Other Heritage Assets not recognised** - The Council holds other assets not recognised on the Balance Sheet as either cost or valuation information is not available, or the assets are considered immaterial in value.

- **Dutch Cottage** - A 17th century property on Canvey Island. The building and land are measured and depreciated in accordance with the accounting policies for other land and buildings, as disclosed in policy AP16.9. It is included as part of the 5 year revaluation programme carried out by the Council's external valuers. Further information can be found on the Council's website: http://www.castlepoint.gov.uk/dutch-cottage-museum
- **Civic Regalia** - Items of office that reflect the Council's status as a borough, such as chains, badges and robes. These items are recognised at their value for insurance purposes. Insurance valuations are updated on an annual basis. As the carrying amount from the insurance valuation is equivalent to their recoverable amount they are not depreciated. Further information can be found on the Council's website: http://www.castlepoint.gov.uk/the-civic-insignia

As well as the revaluation basis described above the Council will also recognise impairments of Heritage Assets when applicable, for example, if physical deterioration or breakages occur. The accounting entries for revaluations and impairments of Heritage Assets are equivalent to those described in policy AP16 for Property, Plant and Equipment.

AP19 - Prior Period Errors and Adjustments

Prior period errors and adjustments are omissions or misstatements in the Council's financial statements, relating to one or more prior periods, arising from a failure to use, or incorrect use of, information that was available when the statements for the affected periods were authorised for issue and could reasonably have been expected to have been obtained and taken into consideration when preparing those statements. For material errors the Council is required to correct prior period errors retrospectively in the next set of financial statements after the discovery of the error, by amending the affected opening balances and comparative amounts for the prior period. There were no errors to report in the 2023/24 accounts.

AP20 - Provision For Bad and Doubtful Debts

Impairment allowances have been made in the accounts for potential bad and doubtful debts where there is a likelihood arising based on past events and experience that cash received will be lower than the carrying amount for receivables. Known uncollectable debts have been written off. Allowances are typically estimated on a percentage basis, with the older the outstanding debt the higher the percentage of the debt that is provided for. All allowances are reviewed and recalculated at the end of the accounting period. Allowances are generally included within short term debtors on the Balance Sheet.

AP21 - Provisions and Contingencies

AP21.1 – Provisions
A provision is a liability of uncertain timing or amount. These are made when an event has taken place that gives the Council an obligation that would probably require settlement to be made by transfer of economic benefits, but where the timing of that transfer is uncertain. A provision is only required to be recognised when the following conditions are met:

- The Council has a legal or constructive obligation as a result of a past event;
- It is probable that an outflow of resources (economic benefits) will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged to the appropriate service line under (Surplus) / Deficit on the Provision of Services on the CI&ES in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When provisions are settled, they are charged to the provision line on the Balance Sheet and are reported under either Current Liabilities or Non-current liabilities.

Estimated settlements are reviewed at the end of each financial year, and the provisions increased or decreased through the relevant service line.

Current provisions are reported as part of Note 21 to the Financial Statements.

AP21.2 – Contingencies

There are two types of contingencies required to be disclosed, as described below. They are not recognised in the Balance Sheet; instead they are disclosed in the notes. Current items under these categories are also reported as part of Note 21 to the Financial Statements.

- **Contingent Assets** - A contingent asset is a possible asset arising from past events, but which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of the Council.
- **Contingent Liabilities** - A contingent liability is either:
    - A possible obligation that arises from past events, but whose existence will be confirmed only by the occurrence of one or more uncertain future events, not wholly within the Council's control; or
    - A present obligation that arises from past events, but which is not recognised because either it is not probable that a transfer of economic benefits will occur; or the amount of the obligation cannot be measured with enough reliability.

AP22 - Reserves

The Council maintains earmarked reserves for certain purposes. These are shown separately under Usable Reserves on the Balance Sheet. Earmarked reserves are created by appropriating amounts out of the General Fund or Housing Revenue Account balances. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and is included in Net Cost of Services in the CI&ES. The amount in the reserve is then appropriated back to the General Fund or Housing Revenue Account so that there is no net charge against Council Tax or Dwelling Rents for the expenditure.

Other statutory reserves are required to manage the accounting process for tangible non-current assets, retirement benefits and employee benefits. These Unusable Reserves do not represent usable resources for the Council. These reserves are explained under the relevant policies.

AP23 - Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Revenue Expenditure Funded from Capital Under Statute (REFCUS) is expenditure that is allowed by legislation to be classified as capital for funding purposes, although not resulting in the creation of non-current (long term) assets carried on the Balance Sheet. This enables the expenditure to be funded from capital resources rather than be charged to the General Fund or Housing Revenue Account. Generally, it relates to expenditure incurred on properties not owned by the Council, such as disabled facilities grants, and other similar grants awarded to improve or convert private sector dwellings. Any such expenditure, along with any associated grants, is charged to the relevant service revenue account under Net Cost of Services in the CI&ES in the year. Any statutory provision that allows capital resources to meet the expenditure is met by debiting the Capital Adjustment Account (CAA) through the MIRS so that there is no impact on the level of Council Tax or Housing Rents. Please also refer to policy AP13 regarding grants funding REFCUS.

AP24 - Value Added Tax (VAT)

VAT is an indirect tax levied on most business transactions, and on many goods and services. There are two elements to VAT:

- Input tax - tax paid by the Council on purchases it makes; and
- Output tax - tax received by the Council on sales it makes.

The net amount of VAT owed to or from HMRC at the Balance Sheet date is included in either short term debtors or short term creditors. Input and output VAT amounts are not included in the Comprehensive Income and Expenditure Statement, unless they are irrecoverable, and the cost must be borne by the Council. In these circumstances the VAT cost is added to the cost of the relevant revenue or capital expenditure.

1 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how the funding available to the Council (government grants, rents, Council Tax and business rates) has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CI&ES.

Net Expenditure chargeable to the GF & HRA balances 2022/23 £000s	Adjustments (See note 1.3 below) 2022/23 £000s	Net Expenditure in the CI&ES 2022/23 £000s	1.1 Expenditure and Funding Analysis	Net Expenditure chargeable to the GF & HRA balances 2023/24 £000s	Adjustments (See note 1.3 below) 2023/24 £000s	Net Expenditure in the CI&ES 2023/24 £000s
3,180	(2,411)	770	Commercial & Assets	4,257	1,237	5,495
3,336	3,165	6,501	Corporate & Customer	4,603	2,918	7,522
2,580	(881)	1,699	Place & Communities	4,518	(1,500)	3,017
(1,325)	(489)	(1,813)	Housing: Housing Revenue Account (HRA)	(1,358)	1,341	(18)
7,771	**(616)**	**7,157**	**Net Cost of Services**	**12,020**	**3,996**	**16,016**
(10,949)	(6,068)	(17,017)	Other income and expenditure	(13,746)	(2,277)	(16,023)
(3,178)	**(6,684)**	**(9,860)**	**(Surplus) / Deficit**	**(1,726)**	**1,719**	**(7)**
			GF, HRA and earmarked reserves balances (See note 1.2 below):			
(24,404)			Total opening balance at 1 April	(27,582)		
(3,178)			Add (surplus) / less deficit for the year	(1,726)		
(27,582)			**Total closing balance at 31 March**	**(29,308)**		

Note: Table does not cross cast due to roundings.

The overall reserves balance referred to in AP22 above is analysed below:

GF 2022/23 £000s	HRA 2022/23 £000s	Earmarked Reserves 2022/23 £000s	1.2 Analysis of Reserve Balances	GF 2023/24 £000s	HRA 2023/24 £000s	Earmarked Reserves 2023/24 £000s
(5,792)	(2,074)	(16,538)	Opening balances at 1 April	(6,086)	(1,174)	(20,323)
(5,079)	1,901	0	Add (surplus) / less deficit for the year	(1,022)	(704)	0
4,785	(1,000)	(3,785)	Transfers to and from Earmarked Reserves	1,248	1,000	(2,248)
(6,086)	**(1,173)**	**(20,323)**	**Closing balances at 31 March**	**(5,860)**	**(878)**	**(22,571)**

Capital (note 1.4.1) 2022/23 £000s	Pensions (note 1.4.2) 2022/23 £000s	Other (note 1.4.3) 2022/23 £000s	Total 2022/23 £000s	1.3 Adjustments from the GF and HRA to arrive at the CI&ES amounts	Capital (note 1.4.1) 2023/24 £000s	Pensions (note 1.4.2) 2023/24 £000s	Other (note 1.4.3) 2023/24 £000s	Total 2023/24 £000s
(2,197)	372	(585)	(2,410)	Commercial & Assets	2,014	(160)	(617)	1,237
135	598	2,430	3,163	Corporate & Customer	67	(137)	2,988	2,918
(24)	367	(1,223)	(880)	Place & Communities	30	(91)	(1,439)	(1,500)
29	172	(689)	(488)	Housing: Housing Revenue Account (HRA)	2,254	(16)	(897)	1,341
(2,057)	**1,509**	**(67)**	**(615)**	**Net Cost of Services**	**4,365**	**(404)**	**35**	**3,996**
(3,662)	361	(2,768)	(6,069)	Other income and expenditure	(1,210)	(1,196)	129	(2,277)
(5,719)	**1,870**	**(2,835)**	**(6,684)**	**Difference between GF and HRA (surplus) / deficit and CI&ES (surplus) / deficit**	**3,155**	**(1,600)**	**164**	**1,719**

1.4 - Explanatory notes to the adjustments

1.4.1 - Adjustments for capital purposes:

- **Service lines -** these adjustments add in depreciation and impairment, revaluation gains and losses and expenditure on Revenue Expenditure Funded from Capital Under Statute (REFCUS) as well as grants that fund that expenditure.
- **Other income and expenditure -** includes the following three sub-categories of adjustments:
  - **Other operating expenditure -** adjustments for capital disposals with a transfer of income, or amounts written off, relating to those assets.
  - **Financing and investment income and expenditure -** statutory charges for capital financing, i.e. Minimum Revenue Provision and other revenue contributions, are deducted 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. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

1.4.2 - Adjustments for net change to pensions:

These adjustments represent the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **Service lines -** these adjustments remove the employer pension contributions made by the authority as permitted by statute and replaces them with current service costs and past service costs.
- **Other income and expenditure -** the net interest on the defined benefit liability is charged to the CI&ES.

1.4.3 - Other adjustments:

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

- **Service lines -** statutory adjustments for accumulated absences are applied to the CI&ES. This column also includes adjustments to reflect those recharges between services are no longer reported in the CI&ES but are still included in the Net Expenditure chargeable to the General Fund & HRA balances on the Expenditure and Funding Analysis.
- **Other income and expenditure -** this 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.

2 - Prior Period Adjustment

There were no prior period adjustments required in 2023/24.

3 - Expenditure and Income Analysed by their Nature

This note provides an analysis of the total surplus or deficit on the provision of services included in the CI&ES by income and expenditure type. These figures include internal recharges and hence the amounts are greater than those reported on the CI&ES.

	2022/23 £000s	2023/24 £000s
Expenditure:		
Employee expenses	13,273	14,946
Other service expenses	30,774	34,696
Support service recharges from other services	14,535	15,942
Capital charges - depreciation, amortisation, revaluation & impairment	118	6,502
Legal fess re VAT claims	(10)	302
Payment of precept to Canvey Island Town Council	263	0
Payment of Housing Pooled Capital Receipts to the Government Pool	0	4,548
National Non-Domestic Rates tariffs and levies and safety net	4,202	679
(Gain) / loss on disposal / derecognition of non-current (long term) assets	303	931
Interest payable and similar charges, including Finance Leases interest	1,118	(1,195)
Pensions - net interest on the net defined benefit liability, and IAS19 pension administration expenses	361	(64)
Expenses incurred on Investment Properties	55	67
Total Expenditure	**64,992**	**77,354**
Income:		
Fees, charges and other service income	(18,975)	(20,742)
Government and other grants & contributions	(18,033)	(19,386)
Support service recharges to other services	(14,535)	(15,943)
Exceptional items (income)	(2,830)	(187)
Changes in the fair value of Investment Properties	(6)	274
Rental income received on Investment Properties	(252)	(246)
Interest and investment income	(1,736)	(2,011)
Council Tax income	(9,618)	(9,077)
National Non-Domestic Rates income	(7,232)	(8,734)
General grants and contributions	(1,053)	(688)
Capital grants and contributions	(585)	(623)
Total Income	**(74,854)**	**(77,362)**
(Surplus) / Deficit on the provision of services	**(9,862)**	**(7)**

4 - Segmental Income

This note provides an analysis of total fees, charges, rents and other external service income received by the individual operating segments and reported within the gross income amounts included in the CI&ES. The amounts in this note exclude grants and similar contributions received.

Operating segment	2022/23 £000s	2023/24 £000s
Place & Communities	10,092	(2,385)
Commercial & Assets	(7,628)	(8,857)
Corporate & Customer	(13,300)	(608)
Housing: Housing Revenue Account (HRA)	(8,139)	(8,891)
Total fees, charges and other service income	**(18,975)**	**(20,741)**

Where income is received in advance of any relevant performance obligations having been met, this income is not recognised until the following financial year and is not included in the above amounts. The income is instead held within short term creditors on the Balance Sheet, and consists of the following items:

Income stream	31/03/23 £000s	31/03/24 £000s
Community halls bookings	(103)	(99)
Development control fees and charges	(78)	(33)
Leisure - open spaces	(53)	(13)
Garden waste bin collections	(420)	(416)
Trade waste bin collections, and other miscellaneous income	(129)	(89)
Total	**(783)**	**(650)**

5 - Audit Fees

The Council incurred the following fees relating to external audit and inspection work carried out by the appointed external auditor Ernst and Young (EY). The Council received no additional chargeable services during either financial year.

Audit fees category	2022/23 £000's	2023/24 £000's
Fees payable to EY for external audit services	52	270
Fees payable for certification of grant claims and returns	50	66
Fees payable to BDO for certification of housing capital receipts return	14	(4)
Other external audit fees payable	25	0
Total audit fees	**141**	**332**

6 - Members' Allowances

Set out below is the total of Members' allowances and expenses paid:

Allowance category	2022/23 £000's	2023/24 £000's
Basic allowances	146	144
Special responsibility allowances	92	95
Mileage allowances	8	8
Mayor and Deputy Mayor's allowances	9	9
Total members' allowances	**255**	**256**

Members expenses	2022/23 £000's	2023/24 £000's
Total members' expenses	1	0

Further details on Members' Allowances are published on the Council's website, at the following link:
http://www.castlepoint.gov.uk/members-allowances

Members' expenses include travel, parking, subsistence and accommodation.

7 - Related Party Transactions

The Council is required to disclose material transactions occurring during the year with related parties. These are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Related parties include the following:

- The UK (Central) Government effectively has significant influence over the general operations of the Council. It is responsible for providing the statutory legislative framework within which the Council operates, provides funding to the Council in the form of general and specific grants and prescribes the terms of many transactions that the Council has with other parties (e.g. Council Tax and Housing Benefits). Details of Central Government funding is set out in note 10 to the Core Financial Statements.
- Members of the Council have direct control over the Council's financial and operating policies. Total members allowances and expenses are disclosed in note 6.
- The Chief Executive and other key management personnel (i.e. other senior officers) can influence the Council's policies, within the provisions of the Council's regulations and schemes of delegation. Remuneration of the Chief Executive and senior officers is disclosed in note 9.
- Essex County Council, Essex PFCC - Fire and Rescue Authority, Essex PFCC - Policing and Community Safety and Canvey Island Town Council issue precepts on the Council, who act as a collecting agent on their behalf. Details of the transactions with the Precepting Authorities are set out in the Collection Fund Statement and accompanying notes.
- The Council collects rental income from the leasing of properties to various organisations. In some of these organisations Council Members are connected at a senior level, for example as governors or directors. However, in all instances relevant Members had no involvement in setting the rental agreements with the associated organisations.
- The Council pays annual donations under funding agreements to three voluntary bodies, and is a member of, or contracts services from, other organisations, including those detailed below. Officers or elected members serve as the Council's representatives to these bodies and organisations, but are not directly involved in determining the amounts involved:

Donations to voluntary bodies	2022/23 £000's	2023/24 £000's
The Peabody Group	35	39
Citizens Advice Bureau	16	18
Carer's Choices	34	34
Castle Point Association of Voluntary Services	41	42
Total donations	**126**	**133**

Payments to other organisations	2022/23 £000's	2023/24 £000's
Thames Gateway South Essex groups and Opportunity South Essex Partnership – membership subscriptions and other contributions	23	23
Association of South Essex Local Authorities - membership subscriptions and other contributions	60	60
Wyvern Community Transport – community transport services	10	10
Vine HR Ltd – a not-for-profit human resources company formed by all 15 Essex councils – member subscription and other contributions	7	9
Total donations	**100**	**100**

8 - Termination Benefits (Exit Packages)

The Council is required to provide for termination benefits in relation to employees who are made compulsorily redundant or take other exit packages. There were no packages in 2022/23 (one employee in 2021/22), as shown below, which took place during the year. The amounts include payments made direct to the relevant employee and where applicable payments made to the pension scheme on their behalf. There were no further planned terminations as at 31 March 2023.

Where payments are made to the pension fund, the amount paid to the fund and included in the total cost paid, is not the same as the pension amount required to be recognised for accounting purposes under IAS 19 (see note 18 for further information). This amount is reported in Corporate Services on the CI&ES and is adjusted for in the total accounting cost columns.

There were no exit packages in 2022/23, therefore there is no comparator table.

Exit Packages – 2023/24

Package band	Number of compulsory redundancy packages	Number of other packages	Total number of packages	Redundancy Cost	Pension Cost	Total cost paid	Total accounting cost	
				£000's	£000's	£000's	No.	£000's
£0 - £20,000	1	0	1	16	0	16	1	16
£40,001 - £60,000	3	0	3	148	0	148	3	148
£61,001 - £80,000	1	0	1	60	0	60	1	60
£81,000 - £100,000	1	0	1	80	0	80	1	80
£120,000 - £140,000	1	0	1	77	0	77	1	77
£220,000 - £240,000	1	0	1	113	124	237	1	237
£460,001 - 480,000	1	0	1	113	357	470	1	470
Total	**9**	**0**	**9**	**607**	**481**	**1088**	**9**	**1,088**

9 - Officers' Remuneration

9.1 – Remuneration bandings

Regulations require disclosure of the numbers of staff whose remuneration exceeded **£50,000**. These are required to be shown in bands of **£5,000**. The regulations define remuneration as:

- Sums paid to or receivable by an employee (gross pay before deducting pension contributions);
- Compensation for loss of office and any other payments received on termination of employment;
- Expense allowances chargeable to tax (e.g. car allowances); and
- The money value of benefits received by an employee other than in cash (such as cars as declared on form P11D).

The numbers of staff whose remuneration exceeded **£50,000**, except for senior officers who are reported separately on the following two pages, were as shown below.

Remuneration band	2022/23	2023/24
£50,000 – £54,999	8	7
£55,000 – £59,999	7	6
£60,000 – £64,999	0	4
£65,000 - £69,999	2	0
£70,000 – £74,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	1	0
£90,000 - £94,999	0	1
£115,000-£120,000	0	1
Total	**19**	**20**

9.2 – Senior officer remuneration

The Council is required by regulation to disclose the following additional remuneration information for those senior employees responsible for the management of the Council.

The employees disclosed below are not included in the remuneration bandings in the previous page/above. The figures shown below also include employer's pension contributions paid by the Council. These pension contributions are not paid directly to the employees, but instead represent the proportion of the Council's contribution to the Essex County Council Pension Fund which relates to those employees. The amounts stated are determined by the Pension Fund Actuary.

9.2.1 – Remuneration for 2023/24

Position	Salary £000's	PRP and other one off payments * £000's	Expense allow. £000's	Compensation for loss of office £000's	Total excluding pension conts. £000's	Employer's pension £000's	Total including pension conts. £000's
Chief Executive – Angela Hutchings (July 2022 - March 2023)	134	0	0	0	**134**	29	**163**
Strategic Director (Corporate Services) - Andrew Smith	80	6	0	236	**322**	17	**339**
Strategic Director (Resources) - Chris Mills	73	6	0	469	**548**	17	**565**
Head of Environment - T Bragg	56	3	0	60	**119**	11	**130**
Head of Housing - D Logue until December 2023	74	4	0	80	**158**	17	**175**
Head of Customer and Digital Services - E Mosuro	55	0	0	77	**132**	30	**162**
Head of Place and Policy - I Butt	91	4	0	0	**95**	21	**116**
Assistant Director S151 Officer from 1 August 2023	52	0	0	0	**52**	11	**63**
Assistant Director Monitoring Officer from 12 February 2024 - A Law	11	0	0	0	**11**	2	**13**
Director Commercial & Assets - M Harwood-White	7	0	0	0	**7**	2	**9**
Total	**633**	**23**	**0**	**922**	**1,578**	**157**	**1,735**

9.2.2 – Remuneration for 2022/23

Position	Salary (inc. fees and allow.) £000's	PRP and other one off payments * £000's	Expense allow. £000's	Total excluding pension conts. £000's	Employer's pension conts. £000's	Total including pension conts. £000's
Chief Executive – A Hutchings (Note 1)	92	0	0	**92**	18	**110**
Interim Chief Executive (Note 2)	58	0	0	**58**	0	**58**
Strategic Director (Corporate Services) - A Smith	120	6	0	**126**	25	**151**
Strategic Director (Resources) – C Mills	120	6	0	**126**	25	**151**
Head of Environment	64	3	0	**67**	0	**67**
Head of Housing	85	4	0	**89**	18	**107**
Head of Customer and Digital Services	85	4	0	**89**	18	**107**
Head of Place and Policy	85	4	0	**89**	18	**107**
Total	**709**	**27**	**0**	**736**	**122**	**858**

*Performance Related Pay (PRP).

- **Note 1** – Angela Hutchings joined the Council in July 2022 as Chief Executive.
- **Note 2** – The role of Chief Executive was covered by interim appointments until June 2022.

10 - Grants and Other Contributions

The following tables provide an analysis of the recognised grants and contributions accounted for on an accruals basis on the CI&ES. The schedules include grants from Government departments as well as grants from other bodies.

Amounts of revenue and capital grants and contributions received with conditions attached are not recognised on the CI&ES until their conditions have been met. They are therefore reported on the Balance Sheet in the line Revenue and Capital Grants Receipts in Advance.

10.1 – Grants towards Revenue Expenditure

These grants are accounted for within Gross Income on the relevant service lines under Net Cost of Services. This analysis generally excludes grants below **£1,000**, as they are immaterial.

Service line and grant or contribution name	2022/23 £000s	2023/24 £000s
Place and Communities		
• Public health grant (ECC)	(61)	(61)
• Miscellaneous grants	(5)	(3)
• Housing and homelessness New Burdens grants	(563)	(470)
• Biodiversity Net Gain	0	(39)
• UKSPF revenue funding	(5)	(124)
• Planning skills fund	0	(30)
• Ukrainian refugees	(16)	0
• Covid Enforcement Grant	75	0
Corporate and Customer		
• Housing Benefit subsidy	(13,388)	(12,651)
• Benefits administration grant	(164)	(153)
• Localised Council Tax Support scheme funding	(78)	0
• Miscellaneous grants relating to Benefits and Business rates	(175)	(330)
• Covid grants	(159)	(3,162)
• Cost of living support	(249)	(923)
• Miscellaneous grants relating to Elections and Electoral Registration	(15)	(126)
• Housing and homelessness New Burdens grants (DHP)	0	(148)
• Redmond review	(23)	0
Commercial and Assets		
• Essex County Council (ECC) Recycling schemes	(730)	(812)
• Essex County Council (ECC) Grounds Maintenance contribution	(28)	(28)
• Essex County Council (ECC) Highways Ranger funding	(80)	0
• Various grants and contributions for parks and open spaces works	(26)	(43)
• Furlough Grant	0	0
• Miscellaneous grants relating to sports and fitness	(14)	(5)
Housing: Housing Revenue Account (HRA) - (None)		
Total Revenue Grants and Contributions	**(15,704)**	**(19,108)**

10.2 – Grants towards Revenue Expenditure Funded from Capital Under Statute (REFCUS)

The following grants are also accounted for within Gross Income on the relevant service lines under Net Cost of Services:

Service line and grant or contribution name	2022/23 £000s	2023/24 £000s
Environment		
• Disabled Facilities Grant	(289)	(279)
• Decent / Warm / Healthy Homes Grant	(2,039)	0
Total REFCUS Grants and Contributions	**(2,328)**	**(279)**

10.3 - Grants within Taxation and Non-Specific Grants Income and Expenditure

The grants within Taxation and Non-Specific Grants Income and Expenditure are as follows:

Grant or Contribution name	2022/23 £000s	2023/24 £000s
General Government Grants		
Revenue Support Grant	0	(86)
Local Services Support Grant (Homelessness Prevention)	(6)	0
New Homes Bonus Grant	(141)	(62)
New Burdens Grants	(133)	(84)
Service Grants	(156)	(92)
Lower Tier Service Grant	(104)	0
Preceptors Council Tax technical changes funding	(488)	(365)
Covid Support	(26)	0
Total General Government Grants	**(1,054)**	**(689)**

Capital Grants and Contributions	2022/23 £000s	2023/24 £000s
Place and Communities		
• Coastal communities	(54)	(62)
• UKSPF Grant		(90)
Housing: Housing Revenue Account (HRA)		
• Section 106 Developer Contribution towards new build	(530)	(471)
Total Capital Grants and Contributions	**(584)**	**(623)**

11 - Reconciliation of Amounts Included in "Adjustments Between Accounting Basis and Funding Basis Under Regulations"

This reconciliation provides a breakdown of the amounts included for each reserve in the "Adjustments between Accounting Basis and Funding Basis under regulations" line on the Movement in Reserves Statement. The reconciliation also includes other adjusting transfers between these reserves, as they appear in the same line on the Movement in Reserves Statement. Further supporting information is also included in note 12.

11.1 - Adjustments for 2023/24	Usable Reserves:					Unusable Reserves:			
	General Fund (GF) Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Pensions Reserve	Revaluation Reserve	Capital Adjustment Account	Other Adjustment Accounts
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources									
Adjustments for the amounts included in the Comprehensive Income and Expenditure Statement (CI&ES) which are different from the amounts calculated in accordance with regulations for:									
• Pension costs	1,540	59	0	0	0	(1,599)	0	0	0
• Council Tax and Non-Domestic Rates income	(54)	0	0	0	0	0	0	0	53
• Accumulated Absences (holiday pay)	(32)	(4)	0	0	0	0	0	0	36
• Early Repayment Disounts	(43)	(32)	0	0	0	0	0	0	75
Adjustments between Revenue and Capital Resources									
Adjustments for depreciation, amortisation, revaluation and impairment of non-current assets	(2,111)	(2,254)	0	(2,138)	0	0	0	6,501	0
Additional transfers between the HRA and the Major Repairs Reserve	0	64	0	(64)	0	0	0	0	0
Adjustment for recognised capital grants and contributions (applied and unapplied)	431	471	0	0	0	0	0	(902)	0
Adjustment for Revenue Expenditure Funded from Capital Under Statute	(279)	0	0	0	0	0	0	279	0
Capital receipts arising other than from the disposal of a non current asset	0	0	(15)	0	0	0	0	0	0
Adjustment for disposal/derecognition of non-current assets & Investment Properties	0	(679)	(381)	0	0	0	0	1,077	0
Adjustment for changes in the fair value of Investment Properties	64	0	0	0	0	0	0	(64)	0
Provisions for the repayment of debt and finance lease liabilities	779	0	0	0	0	0	0	(779)	0
Revenue contribution to finance capital expenditure	360	0	0	0	0	0	0	(360)	0
Transfer from Capital Receipts Reserve for the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0
Adjustments to Capital Resources									
Transfer from the Major Repairs Reserve to finance capital expenditure	0	0	0	3,184	0	0	0	(3,184)	0
Transfer from Usable Capital Receipts to finance capital expenditure	0	0	1,433	0	0	0	0	(1,433)	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			0	0	0	0	0	0	0
Adjustment for the difference between fair value depreciation and historical cost depreciation	0	0	0	0	0	0	1,005	(1,005)	0
Adjustment to write out accumulated gains on disposal and derecognition of non-current assets	0	0	0	0	0	0	404	(404)	0
Total Adjustments	**655**	**(2,375)**	**1,037**	**982**	**0**	**(1,599)**	**1,409**	**(274)**	**164**

11.2 - Adjustments for 2022/23	Usable Reserves: General Fund (GF) Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Unusable Reserves: Pensions Reserve £000s	Revaluation Reserve £000s	Capital Adjustment Account £000s	Other Adjustment Accounts £000s
Adjustments to Revenue Resources									
Adjustments for the amounts included in the Comprehensive Income and Expenditure Statement (CI&ES) which are different from the amounts calculated in accordance with regulations for:									
• Pension costs	(1,741)	(128)	0	0	0	1,869	0	0	0
• Council Tax and Non-Domestic Rates income	2,048	0	0	0	0	0	0	0	(2,048)
• Adjustment for discount on early repayment of loans	410	309							(719)
• Accumulated Absences (holiday pay)	70	(3)	0	0	0	0	0	0	(67)
Adjustments between Revenue and Capital Resources									
Adjustments for depreciation, amortisation, revaluation and impairment of non-current assets	2,018	(28)	0	(2,108)	0	0	0	118	0
Adjustment for recognised capital grants and contributions (applied and unapplied)	2,383	530	0	0	0	0	0	(2,913)	0
Adjustment for Revenue Expenditure Funded from Capital Under Statute	(2,328)	0	0	0	0	0	0	2,328	0
Capital receipts arising other than from the disposal of a non current asset	67	0	(67)	0	0	0	0	0	0
Adjustment for disposal/derecognition of non-current assets & Investment Properties	3	(313)	(497)	0	0	0	0	808	0
Adjustment for changes in the fair value of Investment Properties	6	0	0	0	0	0	0	(6)	0
Provisions for the repayment of debt and finance lease liabilities	817	0	0	0	0	0	0	(817)	0
Revenue contribution to finance capital expenditure	113	2,451	0	0	0	0	0	(2,564)	0
Transfer from Capital Receipts Reserve for the Housing Capital Receipts Pool	0	0	0	0	0	0	0	0	0
Adjustments to Capital Resources									
Transfer from the Major Repairs Reserve to finance capital expenditure	0	0	0	1,568	0	0	0	(1,568)	0
Transfer from Usable Capital Receipts to finance capital expenditure	0	0	353	0	0	0	0	(354)	0
Transfer from Capital Grants Unapplied to finance capital expenditure	0	0	0	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0	0	0	0	0	0
Adjustment for the difference between fair value depreciation and historical cost depreciation	0	0	0	0	0	0	934	(934)	0
Adjustment to write out accumulated gains on disposal and derecognition of non-current assets	0	0	0	0	0	0	294	(294)	0
Total Adjustments	**3,866**	**2,818**	**(211)**	**(540)**	**0**	**1,869**	**1,228**	**(6,196)**	**(2,834)**

12 - Analysis of the Movement in Reserves Statement

The following notes provide further information on Usable and Unusable revenue and capital reserves reported in the Movement in Reserves Statement (MIRS) and analysed in note 11.

12.1 – Usable Revenue Reserve: Earmarked Reserves

The Council maintains several earmarked reserves, set aside from General Fund and HRA balances, to fund specific future expenditure plans, as detailed below. The net movement to or from earmarked reserves is reported in the "Transfers to / (from) Earmarked Reserves" line on the MIRS.

Earmarked Reserve	Balance 01/04/22 £000s	Additions in 2022/23 £000s	Deductions in 2022/23 £000s	Balance 31/03/23 £000s	Additions in 2023/24 £000s	Deductions in 2023/24 £000s	Balance 31/03/24 £000s
Coronavirus Impact	613	0	0	613	0	(200)	413
Carbon reduction	0	0	400	400	200	(9)	591
Interest Smoothing Reserve	0	0	0	0	817	0	817
Revenue grants unspent	585	460	(160)	885	190	(30)	1,045
Future asset maintenance	3,027	351	(477)	2,901	1,298	(549)	3,650
Priority initiatives VAT refunds	0	2,830	0	2,830	187	(1,067)	1,950
Insurance	348	0	0	348	0	0	348
Non-domestic rates equalisation	104	1,214	83	1,401	2,801	(2,479)	1,723
Council tax support scheme	220	0	(20)	200	1,021	(10)	1,211
Vehicle replacements	11	407	0	418	0	(18)	400
Improvement fund	938	463	0	1,401	250	(1,399)	252
Pension deficit payment	1,339	178	0	1,517	0	0	1,517
Planning - local development scheme and plan	326	1,107	0	1,433	221	(25)	1,629
Planning - joint strategic plan	156	30	0	186	0	(13)	173
ICT projects	2,161	247	(322)	2,086	217	(283)	2,020
Knightswick shopping centre	1,063	674	(35)	1,702	1,609	(1,295)	2,016
Commitments from previous year	363	50	(264)	149	84	(50)	183
Other earmarked reserves (note 1)	759	198	(40)	917	284	(448)	753
HRA earmarked reserves	1,000	0	(1,000)	0	1,000	0	1,000
	13,013	**8,209**	**(1,835)**	**19,387**	**10,179**	**(7,875)**	**21,691**
Collection fund timing diffence (note 2)	3,523	866	(3,453)	936	(54)	0	882
Total Earmarked Reserves	**16,536**	**9,075**	**(5,288)**	**20,323**	**10,125**	**(7,875)**	**22,573**

12.2 – Usable Capital Reserve: Major Repairs Reserve

The Council is required to maintain a Major Repairs Reserve (MRR). The items to be credited to the reserve are an amount equal to, or on a voluntary basis higher than, HRA depreciation for the year. Items chargeable to the reserve include capital expenditure for HRA purposes. There were no movements in the reserve other than those analysed in note 11.

12.3 – Usable Capital Reserve: Capital Receipts Reserve

This reserve contains proceeds from the sale of non-current (long term) assets, which are available to meet future capital investment, or to finance past capital expenditure. There were no movements in the reserve other than those analysed in note 11.

The balance must be used for replacement housing purposes. Any of this not used within five years of the year end from the date of original receipt is repayable to Central Government.

12.4 – Usable Capital Reserve: Capital Grants Unapplied Account

This statutory reserve is for capital grants which have been received and have no conditions outstanding, but for which expenditure has not yet taken place. When expenditure subsequently occurs, the relevant amount is transferred to the Capital Adjustment Account. There were no movements in the reserve other than those analysed in note 11.

12.5 – Unusable Revenue Reserve: Pensions Reserve

This statutory reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CI&ES as the benefits are earned by employees accruing years of service, and 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. The table below shows the movements in the Pension Reserve each year. Further information on pensions is reported in note 18 to the Financial Statements.

Pensions Reserve	2022/23 £000s	2023/24 £000s
Balance as at 1 April	**(12,399)**	**18,430**
Remeasurements of the net defined benefit liability, reported in Other Comprehensive Income and Expenditure on the CI&ES	32,698	(21,331)
Total adjustments included in the MIRS, as shown in note 11	(1,869)	1,599
Balance as at 31 March	**18,430**	**(1,302)**

12.6 – Unusable Capital Reserve: Revaluation Reserve

This is a statutory reserve which records gains on the revaluation of non-current (long term) assets, excluding Investment Properties. The balance is reduced when assets with previously accumulated gains are revalued or impaired down; disposed of, and the gains are realised; or used in the provision of services, and the gains are consumed through depreciation.

The reserve only reports gains accumulated since 1 April 2007. Earlier gains are consolidated into the Capital Adjustment Account. The movements during the year were as follows:

Revaluation Reserve	2022/23 £000s	2023/24 £000s
Balance as at 1 April	**77,843**	**84,945**
Revaluations and impairments of assets, reported in Other Comprehensive Income and Expenditure on the CI&ES:		
Increases in asset values	9,273	1,678
Decreases in asset values	(944)	(6,346)
Total reported in Other Comprehensive Income and Expenditure	**8,329**	**(4,668)**
Total adjustments included in the MIRS, as shown in note 11	(1,228)	(1,409)
Balance as at 31 March	**84,944**	**78,868**

12.7 – Unusable Capital Reserve: Capital Adjustment Account

This statutory account records the timing differences arising from the different arrangements for accounting for the consumption of non-current assets, and for financing the acquisition and enhancement of those assets under statutory provisions. The account is debited with the cost of acquisitions and enhancements as well as subsequent costs such as depreciation, amortisation and impairments as they are charged to the CI&ES, with compensating adjustments between current or fair value and historical cost through the Revaluation Reserve. The account is credited with amounts set aside by the Council to finance acquisitions, enhancements and subsequent costs. The account contains accumulated gains and losses arising on the revaluation and impairment of Investment Properties. The account also contains accumulated revaluation gains on other classes of non-current (long-term) assets prior to 1 April 2007, the date that the Revaluation Reserve was created to record subsequent gains and losses for those assets. There were no movements in the reserve other than those analysed in note 11.

12.8 – Unusable Revenue Reserve: Other Statutory Adjustment Accounts

There are two other miscellaneous adjustment accounts the Council is required to maintain:

- **Collection Fund Adjustment Account -** This account manages the differences arising from the recognition of Council Tax and Non-Domestic Rate income in the CI&ES as it falls due from payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
- **Accumulated Absences Account -** This account manages the differences that would otherwise arise on the General Fund (GF) and Housing Revenue Account (HRA) balances from accruing for compensated absences (i.e., leave entitlement) earned but not yet taken in the year. Statutory arrangements require that the impact on GF and HRA balances are neutralised by transfers to or from this account.
- **PWLB Adjustment Account –** This account manages the recognition of early repayment discount received on the repayment of General Fund (GF) and Housing Revenue Account (HRA) loans in 2022/23. The benefit will be recognised over ten years into the GF and HRA accounts.

The movements during the year for these three accounts were as follows:

Other Statutory Adjustment Accounts	Collection Fund Adjustment Account		Accumulated Absences Account		PWLB Adjustment Account	
	2022/23 £000s	2023/24 £000s	2022/23 £000s	2023/24 £000s	2022/23 £000s	2023/24 £000s
Balance as at 1 April	**(1,158)**	**888**	**(167)**	**(100)**	**0**	**719**
Total adjustments included in the MIRS, as shown in note 11	2,046	(52)	67	(36)	719	(75)
Balance as at 31 March	**888**	**836**	**(100)**	**(136)**	**719**	**644**

13 - Non-Current (Long Term) Assets

13.1 - Comparative asset movements during 2023/24 All assets are owned by the Council	Property, Plant and Equipment: Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant & Equipment (Owned)	Infra-structure	Community Assets	Assets under construction	Total Property, Plant and Equipment	Heritage Assets	Investment Properties	Total Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation (Gross Book Value)										
1 April 2023	**150,905**	**62,216**	**5,742**	**374**	**596**	**1,332**	221,165	**572**	**2,212**	**223,949**
Additions & enhancements	6,177	243	183	0	0	1,966	8,569	0	**0**	**8,569**
Acc Dep & Imp WO to GCA	(2,128)	(333)	0	0	0	0	(2,461)	0	**0**	**(2,461)**
Derecognition on disposal	(201)	0	0	0	0	0	(201)	0	**0**	**(201)**
Other derecognitions	(894)	0	0	0	0	0	(894)	0	**0**	**(894)**
Reclassified – (to)/from Assets Held for Sale	0	0	0	0	0	0	0	0	**0**	**0**
Other Reclassifications	0	0	0	0	0	(2,993)	(2,993)	0	**64**	**(2,929)**
Revaluation increases/(decreases) recognised ir	**(2,980)**	**(1,688)**	**0**	**0**	**0**	**0**	(4,668)	**0**	0	**(4,668)**
Revaluation increases/(decreases) recognised ir	(2,254)	(977)	0	0	0	0	(3,231)	0	**0**	**(3,231)**
31 March 2024	**148,626**	**59,461**	**5,925**	**374**	**596**	**305**	**215,286**	**572**	**2,276**	**218,134**
Depreciation and Impairments										
1 April 2023	**(7)**	**(139)**	**(4,620)**	**(192)**	**(0)**	**0**	(4,959)	**(5)**	**0**	**(4,963)**
Depreciation charged	(2,139)	(638)	(427)	(14)	(0)	0	(3,219)	(5)	0	**(3,223)**
Acc. Depreciation WO to GCA	2,128	333	0	0	0	0	2,461	0	0	**2,461**
Acc. Impairment WO to GCA	0	0	0	0	0	0	0	0	0	**0**
Derecognition - Disposals	3	0	0	0	0	0	3	0	0	**3**
Derecognition - Other	15	0	0	0	0	0	15	0	0	**15**
31 March 2024	**0**	**(444)**	**(5,048)**	**(207)**	**(0)**	**0**	**(5,698)**	**(9)**	**0**	**(5,708)**
Balance Sheet Amount (Net Book Value)										
1 April 2023	**150,897**	**62,078**	**1,122**	**182**	**596**	**1,332**	216,205	**568**	**2,212**	**218,985**
31 March 2024	**148,626**	**59,017**	**877**	**167**	**596**	**305**	**209,588**	**562**	**2,276**	**212,426**

13.1 - Comparative asset movements during 2022/23 All assets are owned by the Council	Property, Plant and Equipment: Council Dwellings & Garages	Other Land & Buildings	Vehicles, Plant & Equipment (Owned)	Infra-structure	Community Assets	Assets under construction	Total Property, Plant and Equipment	Heritage Assets	Investment Properties	Total Assets
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation (Gross Book Value)										
1 April 2022	**148,410**	**55,100**	**5,624**	**374**	**596**	**467**	**210,571**	**555**	**2,206**	**213,332**
Additions & enhancements	1,568	0	39	0	0	973	**2,580**	0	0	**2,580**
Derecognition on disposal	(341)	0	(29)	0	0	0	**(370)**	0	0	**(370)**
Other derecognitions	(467)	0	0	0	0	0	**(467)**	0	0	**(467)**
Other Reclassifications	0	0	108	0	0	(108)	**0**	0	0	**0**
Impairments and Revaluations – applied to Revaluation Reserve:										
• Increases	2,492	4,132	0	0	0	0	**6,624**	16	0	**6,640**
• Decreases	(728)	(216)	0	0	0	0	**(944)**	0	0	**(944)**
Impairments and Revaluations – applied to (Surplus) / Deficit on the provision of services:										
• Increases	2	3,233	0	0	0	0	**3,235**	0	28	**3,263**
• Decreases	(31)	(33)	0	0	0	0	**(64)**	0	(22)	**(86)**
31 March 2023	**150,905**	**62,216**	**5,742**	**374**	**596**	**1,332**	**221,165**	**571**	**2,212**	**223,948**
Depreciation and Impairments										
1 April 2022	**(17)**	**(82)**	**(4,171)**	**(178)**	**0**	**0**	**(4,448)**	**(5)**	**0**	**(4,453)**
Depreciation charged	(2,107)	(576)	(471)	(14)	0	0	**(3,168)**	(5)	0	**(3,173)**
Derecognition on disposal	1	0	21	0	0	0	**22**	0	0	**22**
Other derecognitions	8	0	0	0	0	0	**8**	0	0	**8**
Impairments and Revaluations – applied to:										
• the Revaluation Reserve	2,108	520	0	0	0	0	**2,628**	5	0	**2,633**
31 March 2023	**(7)**	**(138)**	**(4,621)**	**(192)**	**0**	**0**	**(4,958)**	**(5)**	**0**	**(4,963)**
Balance Sheet Amount (Net Book Value)										
1 April 2022	**148,392**	**55,018**	**1,453**	**196**	**596**	**467**	**206,122**	**550**	**2,206**	**208,878**
31 March 2023	**150,898**	**62,078**	**1,121**	**182**	**596**	**1,332**	**216,207**	**566**	**2,212**	**218,985**

13.3 – Valuation basis

Non-current assets are valued in accordance with the valuation methods and timescales detailed in Accounting Policy AP16. All valuations other than insurance valuations were carried out by chartered surveyors Wilks Head and Eve LLP. This included site visits of the properties subject to valuation. The valuations were carried out in accordance with the professional standards and guidance of the Royal Institute of Chartered Surveyors (RICS). Significant assumptions applied by the external valuers in estimating current values for revaluations included the following:

- There were no planning proposals likely to influence the property value, unless otherwise specifically advised.
- Assets were in a condition suitable for service provision. Structural surveys were not undertaken, nor were inspections performed on parts of properties which were covered, unexposed or inaccessible. Parts were assumed to be in good repair and condition.
- It was also assumed that no contaminative or potentially contaminative uses had ever been performed on the land or properties.
- Plant and machinery that was considered to form part of the building or service installation was included in the valuation.

The tables over the preceding pages show the movements in assets during 2023/24, with comparative figures for 2022/23. The Gross Book Value (GBV) of land and buildings shown on these pages, where relevant including subsequent enhancement costs and excluding amounts derecognised, are based on valuations made over the following timescales, as part of the rolling five-year programme.

Revaluation timescale	GBV at 31/03/23 £000's	GBV at 31/03/24 £000's
Revaluations performed in 2023/24	0	40,651
Revaluations performed in 2022/23	42,191	1,618
Revaluations performed in 2021/22	8,774	5,941
Revaluations performed in 2020/21	0	0
Revaluations performed in 2019/20	64	64
Revaluations performed in 2018/19	2	0
Valued at Historic Cost	11,185	11,187
Total land and buildings gross book value	**62,216**	**59,461**

13.4 – Capital expenditure

The Council undertook capital expenditure during 2022/23 and 2023/24 as follows

Capital expenditure item	2022/23 £000's	2023/24 £000's
Council house improvements	1,568	3,131
Council housing acquisitions and new developments	884	1,957
Disabled facilities and other home improvement grants	2,328	279
Seafront regeneration	54	62
Waterside soft play	39	0
Capitalised IT systems expenditure – hardware, software, licences	39	39
Replacement playground equipment	0	90
Replacement gym equipment	0	59
The Paddock'S Community Centre	0	202
3g Pitch	0	13
Vehicle Replacement Programme	0	22
Knightswick shopping centre refurbishment	35	28
Total capital expenditure	**4,947**	**5,882**

13.5 – Financing of capital expenditure

The total amount of capital expenditure incurred in 2022/23 and 2023/24 is shown in the table below. The table also shows the resources that have been used to finance the capital expenditure. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR). The CFR is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	2022/23 £000s	2023/24 £000s
Opening Capital Financing Requirement at 1 April	**46,408**	**43,140**
Capital Expenditure		
Acquisition / enhancement of Property, Plant and Equipment assets	2,580	5,576
Acquisition of intangible assets	39	27
Revenue expenditure funded from capital under statute (REFCUS)	2,328	279
Sources of Finance		
Capital receipts applied	(354)	(1,433)
Government grants and other contributions applied	(4,480)	(4,086)
Sums set aside from revenue or charged direct to revenue	(3,381)	(1,139)
CI&ES, but not reversed to Capital Adjustment Account		
Closing Capital Financing Requirement at 31 March	**43,140**	**42,364**
Explanation of the movements in the Capital Financing Requirement during the year		
Increase / (decrease) in underlying need to borrow (unsupported by Government financial assistance)	(3,268)	(776)
Increase/(Decrease) in Capital Financing Requirement	**(3,268)**	(776)

13.6 – Commitments under capital contracts

As at 31 March 2024 the Council had committed the following for capital expenditure in 2023/24:

Capital commitments	£000's
Disabled facilities grants	40
Fit and proper homes grants	17
Council house improvements – kitchens, bathrooms and rewiring	584
Council house improvements – doors	343
Council house improvements – central heating	177
Council house improvements – roofs, chimneys, facias and soffits	742

Additional capital expenditure is budgeted to be spent in 2023/24 in these and other capital areas but had not yet been contracted for as at 31 March 2024.

13.7 – Revaluation and Impairment review

The Council's independent valuers, Wilks Head and Eve LLP, carry out an annual market and impairment review at the end of each financial year, reporting on any issues arising at the Balance Sheet date of 31 March. The review performed during April 2024 providing data as at 31 March 2024 concluded that movements in values during 2023/24 had resulted in an decrease of 0.5% to 1.0% in the value of the Council's dwelling stock at March 2024. No adjustment is advised in the properties valued using Depreciated Replacement Cost. Adjustments ranging from 0.0% to 1.0% on those valued using the Existing Use Valuation method. There were no other significant changes required to any other assets. Further information on the Housing Revenue Account revaluations can be found in note 3 to the Housing Revenue Account.

13.8 – Depreciation

All assets required to be depreciated are depreciated using the straight-line basis, whereby an equal amount is charged each year to the relevant services on the CI&ES over the useful life of each asset. The useful lives for each category of asset, including components where relevant but excluding land assets which are not depreciated, are as follows:

Type of asset	Estimated Useful Life in Years
Council dwellings: housing stock	60 years
Council dwellings: garages	35 years
Other buildings	15 to 60 years
Infrastructure assets	20 to 60 years
Community assets	60 years
Vehicles, plant and equipment	Up to 10 years
Heritage assets (property only)	35 to 42 years

13.9 – Investment Properties

13.9.1 – General Information on Investment Properties

Investment Properties are reported in accordance with Accounting Policies AP11 and AP16. Movements in property values are shown as part of notes 13.1 and 13.2. The amount reported for Investment Properties under Financing and Investment Income and Expenditure on the CI&ES consists of the following items:

Investment properties	2022/23 £000's	2023/24 £000's
Expenses incurred on investment properties	55	67
Rental income received from investment properties	(252)	(246)
Changes in the fair value of investment properties	(6)	(64)
Total reported on the CI&ES	**(203)**	**(243)**

There are no restrictions on the Council's ability to realise the value inherent in its Investment Properties, 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 Properties.

13.9.2 – Fair Value hierarchies, valuation techniques and quantitative information about fair value measurements

All Investment Properties are valued at Fair Value annually by the Council's external valuers in accordance with policies AP11 and AP16. The techniques used to determine level 2 and level 3 Fair Values, which were unchanged from the previous year, were as follows:

- **Significant observable inputs (Level 2):** assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant, leading to the properties being categorised at level 2 in the fair value hierarchy.
- **Significant unobservable inputs (Level 3):** assets have been based on a comparable approach either by estimated market rental values as the majority of these assets are let at sub-market or subsidised passing rents. The valuers have had to draw on a number of assumptions and utilised third-party resources in order to value these assets. These 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 (and there is no reasonably available information that indicates that market participants would use different assumptions).

The Investment Properties are classified into the following Fair Value hierarchies:

Recurring fair value measurements using	Significant Observable inputs (Level 2) £000's	Significant Observable inputs (Level 3) £000's	Total £000's
Values at 31 March 2024			
Land, offices and similar assets	1,408	0	1,408
Halls, pavilions and similar assets	236	632	868
Total	**1,644**	**632**	**2,276**
Values at 31 March 2023			
Land, offices and similar assets	1,656	0	1,656
Halls, pavilions and similar assets	224	332	557
Total	**1,880**	**332**	**2,212**

There are no Investment Properties classified as level 1. There were no non-recurring valuations in 2023/24. The total amount recognised in the CI&ES for changes in the fair value of Investment Properties on level 3 assets for 2023/24 was **£64k** (**£6k** for 2022/23). This is included in the value reported in the table under note 13.9.1 above. The level 3 movements are summarised as follows:

Reconciliation of movements in level 3 assets	2022/23 £000's	2023/24 £000's
Balance as at 1 April	310	332
Revaluations	22	300
Transfer of an asset to level 2	0	0
Balance as at 31 March	**332**	**632**

The following data was used by the valuers to measure level 3 significant unobservable inputs:

	Value at 31/03/24 £000s	Valuation technique used	Unobservable Inputs	Range (weighted average use)
Hall, pavilions and similar assets	632	Comparative based on limited rental evidence	Rental value	£10 - £50 psm
			Yields	10% - 14%

13.10 – Intangible non-current (long term) assets

The Council holds intangible assets for IT system software, licences and other similar items. The intangible assets were all purchased, none were internally generated. These assets are held at cost and amortised over their expected useful life to the relevant service lines in the CI&ES. Amortisation charges are appropriated to the Capital Adjustment Account, through the MIRS.

Intangible assets	2022/23 £000s	2023/24 £000s
Balance at 1 April		
Gross book value	550	588
Accumulated amortisation	-398	-513
Net balance at 1 April	**152**	**75**
Purchases in year	39	27
Other changes (note 1)	0	0
Amortisation in year	-116	-49
Net balance at 31 March	**75**	**53**
Comprising of:		
Gross book value	588	615
Accumulated amortisation	-513	-562
	75	**53**

Note 1 – following significant issues with the delivery of the Housing Management System, the decision was taken to discontinue the project.

14 - Debtors

The long term and short term debtors on the Balance Sheet consist of the following amounts:

Debtor category	31/03/2023 £000s		31/03/2024 £000s	
Short Term Debtors (amounts falling due within one year)				
Trade receivables	1,426		1,541	
Less impairment allowances for bad and doubtful debts	(804)		(926)	
Net trade receivables		622		615
Prepayments		447		410
Other receivable amounts	8,756		8,680	
Less impairment allowances for bad and doubtful debts	(2,187)		(2,095)	
Net other receivable amounts		6,569		6,586
Net Total Short Term Debtors		**7,638**		**7,611**
Long term Debtors (amounts falling due after one year)				
Other receivable amounts		170		178
Total long term Debtors		**170**		**178**
Total Debtors		**7,808**		**7,788**

Other receivable amounts include Central Government and Local Government, HMRC, Council Tax and Non-Domestic Rate payers, Housing Rent payers and debtors on Housing Benefit overpayments.

15 - Cash and Cash Equivalents

Cash and Cash Equivalents on the Cash Flow Statement and Balance Sheet consists of the following items:

Cash and cash equivalent elements	31/03/23 £000s	31/03/24 £000s
Petty cash floats held by the Council	2	2
Bank current accounts: net credit / (overdrawn balance)	517	(724)
Total cash and cash equivalents as at 31 March	**519**	**(722)**

16 - Reconciliation of Liabilities Arising from Financing Activities

This note reconciles the balances of relevant liabilities on the Balance Sheet to the movements reported in the Financing Activities section of the Cash Flow Statement.

	01/04/23 £000s	Financing cash flows £000s	31/03/24 £000s
Long Term Borrowings	32,400	(6,900)	**25,500**
Short Term Borrowings	900	6,000	**6,900**
Collection Fund Agency Adjustments (Long Term & Short Term)	2,106	(1,024)	**1,082**
	35,406	**(1,924)**	**33,482**

	01/04/22 £000s	Financing cash flows £000s	31/03/23 £000s
Long Term Borrowings	41,001	(8,601)	**32,400**
Short Term Borrowings	900	0	**900**
Collection Fund Agency Adjustments (Long Term & Short Term)	(612)	2,718	**2,106**
	41,289	**(5,883)**	**35,406**

17 - Creditors

The long term and short term creditors total on the Balance Sheet consists of the following amounts:

Creditor category	31/03/2023 £000s	31/03/2024 £000s
Trade payables (note 1)	5,082	4,255
Other payables	8,222	3,884
Total Creditors	**13,304**	**8,139**

Other payables include Central Government and Local Government, HMRC, Council Tax and Non-Domestic Rates payers, Housing Rent payers and accumulated absences adjustments.

Note 1 – all creditors are due within 12 months, except for **£180k** of sundry creditors as at 31 March 2024 **(£162k** at 31 March 2023), which were due after 12 months and were accordingly classified as long term on the Balance Sheet at that date.

Note 2 – **£0.0m** (**£2.8m** at March 2023) of the creditor's balance relates to various covid-19 related grants where the Council is acting as an agent for the distribution of these funds.

18 - Post-Employment Benefits and Net Pension Liability

18.1 – Characteristics of defined benefit plans and associated risks

As part of the terms and conditions of employment of its officers, the Council contributes towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the Council has a commitment to make the payments and disclose them at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme (LGPS). This was a funded defined benefit final salary scheme, meaning that both the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pension fund's liabilities with its investment assets. From 1 April 2014 the scheme became a Career Average Revalued Earnings (CARE) scheme rather than a final salary scheme, with various protections in place regarding membership in the scheme prior to that date.

The pension scheme is administered locally by Essex County Council (ECC), in accordance with the Local Government Pension Scheme Regulations 2013. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within ECC. Where appropriate some functions are delegated to the Fund's professional advisers.

The principal risks to the Council of participating in a defined benefit scheme are:

- **Investment risk -** The Fund may hold investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk -** The fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- **Inflation risk -** All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- **Longevity Risk -** In the event that the members live longer than assumed a deficit will emerge in the Fund.
- **Climate risk -** Climate risk can be grouped into two categories; Physical and Transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the costs of transitioning to a low carbon economy. These risks will manifest themselves in many of the other risks detailed above which the fund is exposed to, for example investment returns may be affected.
- **Regulatory risk -** Regulatory uncertainties could result in benefit changes to past future benefits which could result in additional costs.
- **Orphan risk -** As many unrelated employers participate in each fund, there is an orphan liability risk where employers leave the fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that fund.

These risks are mitigated to an extent by the requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute, as described in Accounting Policy AP8. Furthermore, all of the risks may also benefit the Council, e.g., higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

18.2 – Legal rulings

McCloud and Sargeant Judgments

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made where required in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Lloyds Judgement

The latest news on the Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid. It is not yet known if, or how, this will affect the LGPS. Further guidance from CIPFA and DLUHC is awaited. The actuary's standard approach currently is to make no allowance to reflect this judgement.

Goodwin Case

Our actuaries do not intend making to make any adjustments to accounting valuations resulting from the Goodwin case. This relates to survivor benefits payable to same-sex and opposite-sex survivors.

As this has just been announced the actuary does not have an accurate indication of the potential impact this may have on the value of employers' liabilities or the cost of the scheme. Any indication of cost at this stage will only be a rough estimate as in most cases, funds will not have this information or data to hand. It is their understanding that the Government Actuary's Department (GAD) is undertaking a review to assess the potential impact on public sector pension schemes, which the Actuary expect will be minimal for LGPS funds.

It is the actuary's expectation that the impact on the value of LGPS liabilities as a whole, and for the majority of employers participating in the LGPS, will not be material. It is possible that the impact on individual employers will vary depending on their specific membership profile, although any cases resulting in a significant impact are likely to be few and far between.

18.3 – Transactions relating to post-employment benefits

The Council recognises the cost of post-employment benefits in the (Surplus) / Deficit on the Provision of Services in the CI&ES when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out through the MIRS. The transactions are as shown on the following table:

18.3 Comprehensive Income and Expenditure Statement	2022/23 £000s	2023/24 £000s
Net Cost of Services:		
• Service costs:		
o Current service costs	3,093	1,200
o Past service costs, including curtailments	1	1,031
o Net Settlement costs	0	(3)
Other Operating Expenditure:		
• Administrative expenses	59	70
Financing and Investment Income and Expenditure:		
• Net interest on defined benefit liability	302	(1,265)
Other Comprehensive Income and Expenditure:		
• Remeasurements of the net defined benefit liability:		
o Return on plan assets (in excess of interest)	2,277	(7,115)
o Actuarial (gains) / losses: changes in demographic assumptions	0	(1,170)
o Actuarial (gains) / losses: changes in financial assumptions	(44,094)	(995)
o Other actuarial (gains) / losses on assets	0	0
o Experience (gain) / loss on defined benefit obligation	9,119	255
Net charge / (credit) to the CI&ES	**(29,243)**	**(7,992)**
Movement in Reserves Statement		
• Reversal of net charges made for post-employment benefits in accorance with IAS 19	(3,455)	(1,033)
• Employer's contributions payable to the scheme	1,586	2,632
Net adjustment in the Movement in Reserves Statement	**(1,869)**	**1,599**

18.4 – Pension assets and liabilities recognised in the Balance Sheet

18.4.1 Net Liability	2022/23 £000s	2023/24 £000s
Present value of the funded defined benefit obligation	(80,964)	(81,031)
Fair value of the scheme assets	100,813	111,387
Sub-total	**19,849**	**30,356**
Present value of the unfunded defined benefit obligation	(1,419)	(1,302)
Impact of Asset Ceiling	0	(30,356)
Net (liability) asset arising from defined benefit obligation	**18,430**	**(1,302)**

18.4.2 Reconciliation of Movements in the Fair Value of the Scheme Assets	2022/23 £000s	2023/24 £000s
Balance as at 1 April	**102,108**	**100,813**
Interest income on assets	2,634	5,183
Remeasurement gain / (loss):		
• Return on plan assets (in excess of interest)	(2,277)	7,115
• Other actuarial (gains) / losses on assets	0	0
Contributions from employer	1,586	2,632
Contributions from employees	500	518
Benefits paid	(3,679)	(4,690)
Administration expenses	(59)	(70)
Settlements	0	(114)
Balance as at 31 March	**100,813**	**111,387**

18.4.3 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	2022/23 £000s	2023/24 £000s
Balance as at 1 April	**114,507**	**82,383**
Current service costs	3,093	1,200
Past service costs, including curtailments	1	1,031
Interest cost	2,936	3,918
Contributions by scheme participants	500	518
Remeasurement gains / (losses):		
• Actuarial (gains) / losses: changes in demographic assumptions	0	(1,170)
• Actuarial (gains) / losses: changes in financial assumptions	(44,094)	(995)
• Experience gain / (loss) on defined benefit obligation	9,119	255
. Liabilities assumed/ (extinguished) on settlements	0	(117)
Benefits paid	(3,679)	(4,690)
Settlements	0	0
Balance as at 31 March	**82,383**	**82,333**

18.4.4 Analysis of scheme assets	31/03/23		31/03/24	
	£000s	%	£000s	%
Estimated allocation of Fund assets for the Council by asset type:				
Equities	58,069	58	61,698	55
Government bonds (Gilts)	1,474	1	1,990	2
Other bonds	0	0	0	0
Property	8,257	8	7,688	7
Cash	3,251	3	2,748	2
Alternative assets	15,956	16	16,935	15
Other Managed Funds	13,806	14	20,328	18
Total Assets	**100,813**	**100**	**111,387**	**100**

18.5 – Basis for estimating assets and liabilities
Liabilities have been assessed on an actuarial basis using the projected unit method, i.e., an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Estimates for the fund are based on the latest full valuation of the scheme as at 1 April 2022, amended for updated expectations subsequently. The principal assumptions used by the actuary were as shown in the following table:

Basis for estimating assets and liabilities	2022/23	2023/24
Rate of CPI inflation	2.90%	2.90%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	4.80%	4.90%
Life expectancy assumptions from 65 years of age, in years:		
• Males retiring today	21.1	20.8
• Females retiring today	23.5	23.3
• Males retiring in 20 years	22.3	22
• Females retiring in 20 years	25.0	24.7
Other actuarial assumptions:		
• Members will exchange 50% of their commutable pension for cash at retirement;		
• Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;		
• The proportion of active members who take up the option to pay 50% of contributions for 50% of benefits will remain the same as at the previous valuation date.		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis on the following page 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 whilst all other assumptions remain constant. In practice however this is unlikely to occur, and changes in some of the assumptions are more likely to be interrelated. The table shows the impact on the defined benefit obligation and projected service cost of changes of plus and minus 0.1% or 1 year on various assumptions.

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate:	+0.1%	Base	-0.1%
• Present value of total obligation	81,186	82,333	83,508
• Projected service cost	1,595	1,650	1,707
Adjustment to long term salary increase:	+0.1%	Base	-0.1%
• Present value of total obligation	82,421	82,333	82,246
• Projected service cost	1,651	1,650	1,649
Adjustment to pension increases and deferred revaluation:	+0.1%	Base	-0.1%
• Present value of total obligation	83,442	82,333	81,251
• Projected service cost	1,708	1,650	1,594
Adjustment to life expectancy assumptions:	+ 1 Year	Base	-1 Year
• Present value of total obligation	85,979	82,333	78,858
• Projected service cost	1,714	1,650	1,587

18.6 – Asset and liability matching strategy

The actuary does not use a formal asset and liability matching strategy to match types of assets invested into the liabilities in the defined benefit obligation. Instead, the actuary adopts a policy of diversification of investment into alternative asset classes including property and bonds to reduce overall volatility in the delivery of fund returns without a significant reduction in the overall expected return.

18.7 – Impact on the Council's cash flows

The pension fund is reviewed every three years and contributions are set following each actuarial valuation. The most recent review was undertaken during 2022/23, which provided a valuation of the fund as at 1 April 2022. This valuation is effective for contributions payable to the scheme from 1 April 2023. The next actuarial valuation will take place during 2025/26 to provide a valuation as at 1 April 2025 which will be effective for contributions from 1 April 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. The valuation results as at 31 March 2022 reported a surplus for Castle Point Borough Council of £182m which meant that the Council was fully funded.
The scheme deficit, or liability, shows the underlying commitment that the Council has in the long run to pay future post-employment benefits. A deficit or credit balance means that the benefits earned by past and current employees are less than the resources the Council has set aside to meet them. As at 31 March 2024 the scheme reported a net asset of £30.4m which was offset by the introduction of asset ceiling* resulting in a net defined benefit liability of £1,3m.

*Asset Ceiling: The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling".

18.8 – Further information

Further information can be found in the Essex Pension Fund Annual Report, which is available on the Essex Pension Fund website: www.essexpensionfund.co.uk

19 - Financial Instruments

19.1 – Financial instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are initially measured at fair value and then subsequently carried at amortised cost. Interest is charged or credited to the Financing and Investment Income and Expenditure line in the CI&ES. These amounts are based on the principal outstanding multiplied by the interest rate for the instruments. The amounts for borrowing and investments shown on the Balance Sheet are the carrying amount, which is outstanding principal and accrued interest. No premiums were charged during the year. Discounts on PWLB Loan early repayments were credited during the year.

As stated above, financial assets are classified and measured at amortised cost, none are measured at Fair Value through Profit and Loss. This is because no gains or losses are expected on investments. The Council's business model is to hold investments to collect contractual cash flows and so all are treated as solely payment of principal and interest.

The Council has not made nor received any soft loans at less than market rates, nor entered into any financial guarantees that are required to be accounted for as financial instruments.

Impairment losses reflect the expectation that the future cash flows might not take place because the debtor could default on their obligations. They are calculated using the simplified method on a collective basis, based on age of the debt and recovery stage, and also by making a judgement on individual larger or overdue accounts, based on individual debtors' circumstances.

19.2 – Nature of financial instruments and financial instruments balances

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 and is settled in exchange for cash or cash equivalents. For the Council this means that all borrowings and investments, trade receivables and payables (debtors and creditors), cash and overdrafts are recognised as financial instruments. Statutory amounts that do not arise under contracts are not accounted for as financial instruments. This includes Council Tax debt, National Insurance and VAT.

The financial instruments disclosed in the Balance Sheet are made up of the following categories:

Nature of financial instruments and balances	Non-Current 31/03/23 £000s	Current 31/03/23 £000s	Non-Current 31/03/24 £000s	Current 31/03/24 £000s
Borrowings (including accrued interest) at amortised cost	5,400	934	4,500	929
Borrowings re HRA reform	27,000	276	21,000	6,280
Creditors	162	4,695	180	4,677
Total liabilities	**32,562**	**5,905**	**25,680**	**11,886**
Short term investments	1,000	37,641	1,000	31,879
Cash and cash equivalents	170	3,353	170	3,353
Debtors	0	519	0	(722)
Total assets	**1,170**	**41,513**	**1,170**	**34,510**

Under accounting requirements, the financial instrument value as shown in the Balance Sheet includes the principal amount borrowed plus accrued interest. Accrued interest of **£309k** (**£310k** at 31 March 2023), although relating to long-term liabilities, is due within one year. An analysis of the maturity profile of borrowing is shown in note 19.6.5.

19.3 – Financial instruments income, expense, gains and losses

The gains and losses recognised in the CI&ES in relation to financial instruments are made up as follows:

Income, expnese, gains and losses	2022/23 £000s	2023/24 £000s
Financial Liabilities, measured at amortised cost		
Interest expense, including interest on finance leases	1,118	905
Financial Assets - loans and receivables		
Interest income	927	1,926

19.4 – Fair value of Assets and Liabilities carried at Amortised Cost

The figures quoted for debtors and creditors exclude statutory amounts such as Council Tax and also prepayments and receipts in advance.

The Council's portfolio of loans includes a number of fixed rate loans which were taken out when interest rates were higher than those available for similar loans at the Balance Sheet date. Should the Council wish to settle these loans earlier than current terms, a premium or penalty charge would be payable to the lender. Conversely, where the Council has loans with rates lower than current market rates, earlier settlement of these will attract a discount. The net effect of these factors has resulted in a higher fair value amount for financial liabilities.

Financial Assets and Liabilities are carried on 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:

- IFRS13 states fair value is a market-based measurement with prices determined by transactions between market participants. However for Public Works Loan Board (PWLB) loans, premature repayment rates from PWLB (**3.91%** for General Fund borrowing and varying from **3.68%** to 4**.44%** for HRA borrowing) have been used to calculate the fair value which is **£988K** less than the carrying amount. This is a level 2 valuation within the fair value hierarchy, as defined in accounting policy AP11.
- PWLB loan early repayment discount has been recognised through the PWLB Adjustment Account.
- No other early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate the fair value, and is taken to be the principal outstanding plus accrued interest.
- The fair value of trade debtors and creditors is taken to be the invoiced or billed amount.
- Cash and cash equivalent assets can be accessed without notice, and therefore fair value and carrying value are the same.

Details of carrying amount and fair value are shown below:

Fair value of assets and liabilities carried at amortised cost	Carrying Amount 31/03/23 £000s	Fair Value 31/03/23 £000s	Carrying Amount 31/03/24 £000s	Fair Value 31/03/24 £000s
PWLB debt (borrowing) - Interest Rates: 1.08% to 4.10%	6,334	5,888	5,429	5,042
PWLB debt (borrowing) re HRA - Interest Rates: 2.31% to 3.49%	27,276	24,312	27,280	26,679
Creditors	4,857	4,857	4,857	4,857
Total financial liabilities	**38,467**	**35,057**	**37,566**	**36,578**
Investments	38,641	38,641	32,879	32,879
Long term debtors	170	170	170	170
Trade debtors	3,383	3,383	3,223	3,223
Cash and cash equivalents	519	519	(722)	(722)
Total financial assets	**42,713**	**42,713**	**35,550**	**35,550**

19.5 – Analysis of investments

The Council had funds invested of **£32.30m** as at 31 March 2024 (**£37.42m** as at 31 March 2023):

Category		£000s
Money Market Funds:	Federated MMF	3,300
	LGIM Sterling Liquidity Fund	5,000
Local authorities:	Central Bedfordshire	5,000
	Highlands Council	5,000
	Dover District Council	5,000
Banks:	Lloyds Bank Corporate Markets	4,000
	Santander plc notice account	1,000
	Standard Chartered Bank	4,000
Total		**32,300**

The carrying and fair value amounts for investments are higher than the principal amount due to the inclusion of accrued interest of **£579k** (**£221k** at 31 March 2023) which is not reflected in the above amounts.

19.6 – Disclosure of nature and extent of risk arising from financial instruments

19.6.1 – Key risks

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

- **Credit risk –** the possibility that other parties might fail to pay amounts due to the Council.
- **Liquidity risk –** the possibility that the Council might not have funds available to meet its commitment to make payments.
- **Re-financing risk –** the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk –** the possibility that financial loss might arise for the Council as a result of changes in interest rates.

19.6.2 – Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the Treasury Management in the Public Services Code of Practice and Investment Guidance issued by Government. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirement of the Code of Practice.
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations and constitution.
- By approving annually in advance, prudential indicators for the following three years limiting:
    - the Council's overall borrowing.
    - its maximum and minimum exposure to fixed and variable rates.
    - its maximum and minimum exposure to the maturity structure of its debt.
    - its maximum annual exposure to investments beyond a year.
- By approving an Investment Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government guidance.

  These are required to be reported and approved at or before the Council's annual Council Tax setting meeting or before the start of the year to which they relate. These items are reported with the Annual Treasury Management and Investment Strategy which outlines the approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

  The 2023/24 strategy included sections on:

    - Definition of Treasury Management.
    - The prospects for interest rates.
    - Current debt position.
    - Borrowing strategy and objectives.
    - Borrowing maturity structure.
    - Interest rate sensitivity.
    - Limits of fixed and variable rate exposure.
    - Investment principles – security, liquidity and yield.
    - Specified and non-specified investments.
    - Security of capital and the use of credit ratings.
    - Table of minimum credit ratings for counterparties.

These policies are implemented by the Financial Services team. The full documents for 2023/24 are available on request and the equivalent Strategies for 2024/25 can be found on the Council's website: www.castlepoint.gov.uk/council-strategies-and-policies

The Council maintains written principles for risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices. The Treasury Management Practices are a requirement of the Code of Practice and are regularly reviewed.

19.6.3 – Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria specified in the Investment Strategy, which also imposes a maximum amount and time to be invested with a financial institution in each category.

The credit criteria in respect of financial assets held by the Council during 2023/24 are detailed as follows:

Specified investments for the financial year 2023/24			
Investment	**Counterparty limit**	**Security / Minimum Credit Rating**	**Maximum period of investment**
Debt Management Agency Deposit Facility (DMADF) (this facility is at present available for investments up to 6 months)	No limit	The Debt Management Office is an agency of the UK Government	6 months (DMO imposed time limit)
Treasury Bills issued by the UK Government (currently maximum 6-month duration)	No limit	The Debt Management Office is an agency of the UK Government	364 days
Term Deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)	The lesser of **£5m** or 33% of total investments	High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated)	364 days
Term Deposits with institutions, part nationalised by the UK Government	The lesser of **£5m** or 33% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Money Market Funds (i.e. a collective investment scheme as defined in SI 2004 No 534) CNAV, LVNAV and VNAV These funds do not have a maturity date	The lesser of **£5m** or 33% of total investments	Fitch, Moody's or Standard and Poors AAA (Minimum of two ratings)	n/a (repayable on demand)
Current accounts, notice accounts or term deposits with credit-rated deposit takers (UK banks and building societies)	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days (Call deposits repayable on demand)
Forward deals with credit rated banks and building societies < 1 year (i.e. negotiated deal period plus period of deposit)	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Certificates of Deposit issued by UK institutions	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Covered bonds (maximum 364-day period includes borrower extension option)	The lesser of **£4m** or 25% of total investments	long-term AA-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days
Reverse repurchase agreements "repos" (a form of secured lending with enhanced security)	The lesser of **£4m** or 25% of total investments	long-term AA-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	364 days

Non-specified investments for the financial year 2023/24			
Investment	**Counterparty limit**	**Security / Minimum Credit Rating**	**Maximum period of investment**
Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act)	The lesser of **£5m** or 25% of total investments	High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated)	2 years
Current accounts, notice accounts or term deposits with credit-rated deposit takers (UK banks and building societies)	The lesser of **£4m** or 25% of total investments	long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P)	2 years
Property funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a
Bond funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a
Multi-asset funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a
Equity funds	The lesser of **£4m** or 25% of total investments	Unrated	n/a

- All Specified Investments listed above must be sterling-denominated.
- All investments are managed in-house.
- No shares or loan capital is held by the Council
- None of the investments are classified as capital expenditure.

Customers are normally assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings and parameters set by the Council. Where the Council has a statutory duty to provide services, such as homelessness, the Council has no discretion whether to incur a debt and there may be a reduced chance of recovery. In these cases an impairment loss allowance is calculated. An impairment allowance is calculated for debts more than 30 days overdue, unless collection is almost certain. Impairment allowances are calculated by both collective assessment based on age of the debt and recovery stage, and also by making a judgement on individual larger or overdue accounts, based on individual debtors' circumstances.

The Council's write-off policy describes the procedure for establishing if a debt is irrecoverable and defines when a debt is irrecoverable. Debts are written off if they are irrecoverable, uneconomic to collect, or should or cannot be enforced because of the debtors circumstances. The Financial Services Manager has delegated authority to write off up to a limit of **£10k**. Debts above this level are referred to the S151 Officer. Debts written off may subsequently be recovered when a debtor is later traced or a dividend in bankruptcy received.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of **£8.3m**, AAA rated money market funds and other counterparties of **£24.18m**, 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. The Council monitors credit ratings of investment counterparties and other market information on a monthly basis as part of the on-going assessment of change in credit risk since initial recognition of the financial asset. A risk of non-recovery applies to all of the Council's deposits but there was no evidence at 31 March 2024 that this was likely to crystallise.

No breaches of the Council's counterparty criteria occurred during the year. Whilst uncertainty in international markets may have raised the overall possibility of default, the Council maintains strict credit criteria for investment counterparties.

The changes in loss allowance for each class of financial asset during the year were as follows:

Debtor loss allowance	2022/23 £000s	2023/24 £000s
Opening Balance 1 April	1,848	2,051
Amounts written off	(23)	(87)
Other changes	226	112
As at 31 March	**2,051**	**2,076**

The analysis below summarises the Council's potential maximum exposure to credit risk as at 31 March 2024, based on experience of default assessed by the ratings agencies and the Council's experience over previous years, adjusted to reflect current market conditions. The amount stated for customers excludes impairment allowances for bad debts.

Gross Carrying Amounts Amortised Cost	Gross Balances £000s	Impairment £000s	Total not Impaired £000s	Of Which: Financial Instruments £000s	Of Which: Non Financial £000s
Investments (no provision)					
AAA rated counterparties	8,300	0	8,300	8,300	0
AA rated counterparties	15,000	0	15,000	15,000	0
A rated counterparties	9,181	0	9,181	9,181	0
Government bodies	0	0	0	0	0
Total Investments	**32,481**	**0**	**32,481**	**32,481**	**0**
Debtors (by provision percentage):					
0%	974	0	974	994	(20)
1% to 25%	488	(131)	357	76	281
26% to 50%	613	(228)	385	333	52
51% to 75%	247	(148)	99	99	0
76% to 99%	1,982	(1,780)	202	154	48
100%	733	(733)	0	0	0
Total Debtors	**5,037**	**(3,020)**	**2,017**	**1,656**	**361**
Overall Total	**37,518**	**(3,020)**	**34,498**	**34,137**	**361**

The simplified approach, not the twelve-month approach or lifetime losses approach for impairment is used for all debtors. No impairment is provided for investments, including bank balances and money market funds, as they are expected to be repaid in full and the expected credit loss is estimated at only **£5k**.

The Council allows credit to its customers only in exceptional cases, mainly where there is a statutory responsibility to provide services. The Council actively pursues all debtors in accordance with its debt management policy and does not write debt off until it has exhausted all options for recovery. The Council regularly reviews its levels of debt, which includes considering the adequacy of its impairment allowance for bad debts.

Of the total debtors of **£5.01m** shown in the previous table, **£1.49m** is past its due date (**£1.1m** at 31 March 2023) and is unimpaired, as shown in the tables below. The majority relates to Housing Benefit payments.

Reconciliation of Debtors from Balance Sheet to Debtors Past Due Date and Not Impaired	31/03/24 £000s
Total Balance Sheet long term and short term debtors	7,109
Add back impairment allowances	3,021
Total Balance Sheet Debtors (before impairment allowances)	**10,130**
Adjust to exclude debtors not exposed to credit risk:	
Statutory and other debtors	(4,683)
Prepayments	(410)
Total Debtors exposed to credit risk	**5,037**
Less impairment allowances	(3,021)
Less debtors no yet due for payment	(529)
Total debtors pas due date and not impaired	**1,487**

Debts past due date and not impaired as at 31/3/24	Council Tax & NNDR £000s	Benefit Over Payments £000s	Other Customers £000s	Total £000s
Less than one month	10	54	75	139
One to three months	13	19	145	177
Three to six months	12	8	94	114
Six months to one year	116	25	76	217
More than one year	420	443	187	1,050
Total	**571**	**549**	**577**	**1,697**

Debts past due date and not impaired as at 31/3/23	Council Tax & NNDR £000s	Benefit Over Payments £000s	Other Customers £000s	Total £000s
Less than one month	11	15	617	643
One to three months	11	22	152	185
Three to six months	11	15	84	110
Six months to one year	107	38	93	238
More than one year	307	410	161	878
Total	**447**	**500**	**1,107**	**2,054**

During the year the Council held no collateral as security.

19.6.4 – Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategy reports), as well as through cash flow management procedures required by the Code of Practice. This seeks to ensure that cash is available when needed. The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need and whilst the PWLB provides access to longer terms funds, it also acts as a lender of last resort to councils. The Council is also required to provide a balanced budget by the Local Government Finance Act 1992, which ensures that sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

19.6.5 – Re-financing and maturity risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing exposure to replacing financial instruments as they mature. This risk relates to the maturing of longer-term financial liabilities. The approved prudential indicator limits for the maturity structure of debt, and the limits on investments placed for greater than one year are key parameters used to address this risk. The Council approved Treasury and Investment Strategies address the main risks and the Financial Services team addresses the operational risks within the approved parameters. The maturity analysis of loans, including finance lease liabilities, by value and percentage, is as follows:

Maturity Term	31/03/23 £000s	31/03/24 £000s
Less than one year	276	7,209
Between one and two years	6,000	900
Between two and five years	13,000	9,700
Between five and ten years	7,500	13,400
More than ten years	6,500	1,500
Total	**33,276**	**32,709**

Maturity Term	Actual 31/03/24	Cumulative Actual 31/03/24	Approved Limit*
Less than one year	21%	21%	50%
Between one and two years	3%	25%	50%
Between two and five years	30%	54%	60%
Between five and ten years	41%	95%	80%
More than ten years	5%	100%	100%
Total	**100%**		
* Approved Maximum upper Actual Limit			

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

19.6.6 – Market risk

Interest rate risk

The Council is exposed to interest rate movements on its investments and on any future borrowings or rescheduling of existing borrowings. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance a rise in variable and fixed interest rates would have the following effects:

- Borrowing at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services on the CI&ES will rise.
- Borrowing at fixed rates – the fair value of the borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services on the CI&ES will rise.
- Investments at fixed rates – the fair value of longer-term assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the CI&ES. However, changes in interest payable and receivable on variable rate borrowings and investments will be allocated to the CI&ES and will affect the General Fund Balance. The Annual Treasury Management Strategy brings together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a prudential indicator is set which provides maximum limits for fixed and variable interest rate exposures. The Financial Services team will monitor market and forecast interest rates within the year to adjust exposure appropriately.

If all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2022/23 £000s	2023/24 £000s
Increase in interest payment on variable rate borrowings	0	0
Increase in interest payment on variable rate investments	468	2,409
Impact on Comprehensive Income and Expenditure Statement	**468**	**2,409**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed (assuming negative rather than zero interest rates).

Price risk

The Council does not invest in equity shares. It therefore has no exposure to risk arising from movement in prices.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

20 - Events after the Balance Sheet Date

Events after the Balance Sheet Date are accounted for in accordance with Accounting Policy AP10. The unaudited financial statements were signed and authorised for issue on 16 January 2025 by the Assistant Director, Finance & Procurement (s151 Officer), the Council's responsible financial officer. This establishes the date after which events have not been recognised in the Statement of Accounts. The Council had no events after the Balance Sheet date to report.

21 - Provisions, Contingent Assets and Contingent Liabilities

Provisions, contingent assets and contingent liabilities are accounted for in accordance with Accounting Policy AP21 - Provisions and Contingencies. The balance of outstanding provisions appears under Current Liabilities on the Balance Sheet.

21.1 – Provisions

The Council holds the following total provisions balance as at 31 March 2024:

2023/24	Total Provisions £000's
Balance as at 1 April 2023	**576**
Amounts used in 2023/24	(256)
Additional provisions made in 2023/24	376
Unused amounts reversed in 2023/24	(427)
Balance as at 31 March 2024	**269**

The balance relates entirely to the following provisions:

- **Business rates provision for rateable loss –** The Local Government Finance Act 2012 introduced a business rates retention scheme from 1 April 2013 that enables local authorities to retain a portion of the business rates generated in their area. As part of this process each local authority assumed part of the liability for refunding ratepayers who had successfully appealed against the rateable value of their properties on the rating list. This included amounts that were paid over in respect of 2012/13 and prior years to Central Government. The Council calculated an initial provision and charged it to the Collection Fund in 2013/14. In each subsequent year the Council has re-estimated the required level of provision at 31 March each year to take into account the latest information on successful and unsuccessful appeals and those which are still unresolved, and adjusted the provision accordingly. Please also refer to note 23.

- **ASELA provision –** The Council is a partner in the South Essex Councils (SEC) (formally Association of South Essex Local Authorities (ASELA)) Joint Committee. SEC ended 2021/22 in a deficit position and the Council determined it would be prudent to establish a provision in case its share of the deficit needed to be made good by way of an additional payment. For 2022/23, ASELA recorded only a small in-year surplus and therefore remained in an overall deficit position. Consequently the Council has determined it is reasonable to continue holding the provision. After reviewing the forecast for 2023/24 there remains a provision of £23k to be reviewed again in 2024/25.

21.2 – Contingent Assets

The Council has no contingent assets to report as at 31 March 2024.

21.3 – Contingent Liabilities

The Council has the following contingent liabilities to report as at 31 March 2024:

- Currently there are court cases and also disputes with contractors and other parties where the Council may take or defend legal action which may give rise to costs depending on the outcome.

- The Council signed agreements with the Homes and Communities Agency (HCA) in March 2010 in order to secure funding in relation to projects for the regeneration of Hadleigh and Canvey Island Town Centres. Failure to meet future regeneration targets could result in some of the funding becoming repayable to the HCA, now known as Homes England. Funding may also become repayable in the event that the Crown public house site is sold and a capital receipt realised as part of the regeneration of the Hadleigh Island site.

- In September 1992 Municipal Mutual Insurance (MMI) went into receivership. Zurich took over the vast majority of MMI's staff and renewal business and changed their name to Zurich Municipal. Zurich did not however take over MMI's residual liabilities and therefore Castle Point Borough Council along with other major creditors, agreed to a Scheme of Arrangement (SOA), under s425 of the Companies Act 1985. This became effective in January 1994. A Supreme Court judgement was handed down in March 2012 and found against MMI in respect of the Employer Liability Policy Trigger Litigation for cases of negligent exposure to asbestos. In November 2012 the SOA was triggered by the MMI board of directors as it was no longer foreseen that a solvent run-off of MMI would be achieved and as a consequence Councils would now be required to contribute. The Council's maximum exposure is approximately **£464k**. The Council made provision of **£114k**, i.e. around 25% of the liability, during 2012/13. Payment of **£69k** (15%) was made during 2013/14 and **£46k** (10%) during 2016/17. Any subsequent repayments that may be required continue to remain subject to uncertainty. The Council holds the remaining **£348k** (75%) in an earmarked reserve to cover any potential further payments, as shown in Note 12.1.

22 - Accounting Standards Issued But Not Yet Adopted

The Council is required to disclose information on the impact of a change in accounting policy that will be required by an accounting standard that has been issued but not yet adopted. This applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. 1 January 2022 for the 2022/23 financial year). The applicable changes for 2022/23 are as follows:

- **IFRS 16 Leases** – requirement to adopt change delayed to 1 April 2024.
- **Definition of Accounting Estimates (amendments to IAS8)** – This has no impact on the Council's accounts.
- **Disclosure of Accounting Policies (amendments to IAS 1 and IFRS Practice Statement 2) -** This has no impact on the Council's accounts.
- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS12) -** This has no impact on the Council's accounts.
- **Updated Reference to the Conceptual Framework (amendments** to FIRS 3) - This has no impact on the Council's accounts.

23 - Critical Judgements in Applying Accounting Policies

In applying the Council's accounting policies, the Council has made certain judgements about complex transactions or those involving uncertainty around future events. The judgements made in the Statement of Accounts include, but are not limited to, the following:

- There is a continuing high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not enough to provide an indication that the Council's assets might be impaired, for example as a result of a need to close facilities and reduce levels of service provision.
- The Council has previously estimated the likelihood of having to make payment under the Municipal Mutual Insurance receivership case described in the preceding notes, and this is currently being reported as a contingent liability under note 21.3 above.
- The Council has estimated the likelihood of success of appeals against National Non-Domestic Rates liabilities submitted to the Valuation Officer by rate payers, and has made provision, as disclosed in note 21.1. In 2018/19 a new "Check, Challenge, Appeal" process was introduced by the Government for organisations disputing their rateable charges against the 2017 ratings list. It

is not yet known how this will impact the level of appeals submitted on the properties within the borough and the success, dismissal or withdrawal of those appeals. The Department for Levelling Up, Housing and Communities (DLUHC) has previously estimated a nationwide impact of **4.7%** on rates income from appeals, and when calculating the appeals provision the Council applies this percentage to the majority of the income relating to the 2017 ratings list. The remaining income which relates to larger properties is subject to specific provisions.

The ultimate impact on the Council will be greater or lower than **4.7%** and the calculation will be revisited and refined in later years as more data becomes available on those organisations in the borough submitting appeals through the “Check, Challenge, Appeal” process.

24 - Future Assumptions 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 that are uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with absolute certainty, actual results could be different from these assumptions and estimates. The items in the Balance Sheet as at 31 March 2023, for which there could be a risk of material adjustment in the forthcoming financial year, are as follows:

24.1 - Property, Plant and Equipment (See Note 13)

Area of uncertainty - Assets are depreciated over their useful lives, which are partly dependent upon assumptions about the levels of repairs and maintenance to be carried out on those assets in future years. Reduced levels of funding could impact on the Council’s planned spending on repairs and maintenance, which could then influence the expected lives of these assets.

Estimated effect if results differ from assumptions - If the useful lives of assets were to reduce, then the annual depreciation charges on these assets would increase and their carrying value on the Balance Sheet would decrease. It is estimated that the annual depreciation charge for all General Fund operational buildings would increase by **£16k** for each year that the useful lives were decreased.

Estimated effect if results differ from assumptions – The impact of a **1%** valuation change on the Knightswick Shopping Centre would be **£140k**.

24.2 - Pensions Liability (See Note 18)

Area of uncertainty - 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. Expert advice about the assumptions to be applied in the Council’s accounts is provided by Essex Pension Fund and Barnett Waddingham, an independent firm of actuaries.

Estimated effect if results differ from assumptions - The effect on the net pension liability of changes in individual assumptions can be measured. The actuary has estimated the effect of increases and decreases in several areas and these are reported in note 18.4. However, the assumptions interact in complex ways. For example, during 2022/23 the actuary advised that the net pension liability had increased by **£44.1m** due to changes in financial assumptions and decreased by **£9.1m** due to experience gains.

24.3 - Fair Value Measurements (See Accounting Policy AP11 and Notes 13 and 19)

Area of uncertainty – When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets (level 1 inputs) the value is measured using other valuation techniques. Where possible the inputs to these techniques are based on observable data, but if this is not possible, then judgements and assumptions are required to establish fair values. This could affect the fair value derived from these judgements. The Council will use relevant experts, such as the external valuers who value Investment Properties, in order to determine Fair Value.

Estimated effect if results differ from assumptions – The Council uses the methods described in the above mentioned Accounting Policy and Notes to measure the fair value of its Investment Properties and report the fair value of some of its Financial Instruments, including the significant unobservable inputs also described in those notes. Changes in these inputs could result in a higher or lower value of the associated asset or liability.

Housing Revenue Account Income and Expenditure Statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a separate revenue account for local authority housing provision in accordance with the Local Government and Housing Act 1989. The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the funding basis through which rents are raised, is shown in the Movement on the Housing Revenue Account Statement, shown on the following page. Most of the amounts shown on this statement are also included within the overall Comprehensive Income and Expenditure Statement.

2022/23 £000s		Notes	2023/24 £000s
	Income		
(7,299)	Dwelling rents		(7,788)
(86)	Non-dwelling rents		(76)
(717)	Charges for services and facilities		(1,002)
(8,102)	**Total Income**		**(8,866)**
	Expenditure		
2,015	Repairs and maintenance		2,215
1,801	Supervision and management		1,834
273	Rents, rates, taxes and other charges		349
2,136	Depreciation, revaluation and impairment of non-current assets	3	4,391
62	Increase / (decrease) in allowance for bad or doubtful debts		62
6,287	**Total Expenditure**		**8,851**
(1,815)	**Net Expenditure / (Income) of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(15)**
27	HRA services' share of Corporate and Democratic Core		2
666	HRA services' share of other amounts included in the whole Council net cost of services - continuing operations, but not allocated to specific services, plus HRA services' share of other recharges from the General Fund		894
(1,122)	**Net Expenditure / (Income) of HRA Services**		**881**
	HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement		
313	(Gain) / loss on disposal / derecognition of non-current (long term) assets		679
(463)	Interest and Investment income		(261)
886	Interest payable on debt, and similar charges		844
(530)	Capital grants and contributions		(472)
(916)	**(Surplus) / Deficit for the Year on HRA Services**		**1,671**

Movement on the Housing Revenue Account Statement

This statement shows how the HRA Income and Expenditure Statement (surplus) / deficit for the year, as shown on the previous page, reconciles to the movement on the Housing Revenue Account balance for the year, calculated in accordance with the Local Government and Housing Act 1989.

2022/23 £000s		Notes	2023/24 £000s	£000s
(2,074)	**Housing Revenue Account Balance Brought Forward**			**(1,174)**
(915)	**(Surplus) / Deficit for the Year on the HRA Income and Expenditure Statement**			**1,671**
	Adjustments between accounting basis and funding basis under statute			
(29)	Revaluation and impairment of non-current (long term) assets	3	(2,254)	
(313)	Net gain / (loss) on disposal or derecognition of non-current (long term) assets		(679)	
0	2011/12 Reform settlement payment adjustment	3	0	
530	Adjustment for recognised capital grants and contributions (applied and unapplied)		471	
(273)	Reversal of net charges made for post-employment benefits in accordance with IAS 19		(103)	
(3)	Adjustment for Accumulated Absences (holiday pay)		(3)	
2,451	Revenue contribution to finance capital expenditure		0	
145	Employer's contributions payable to pension fund		163	
309	Adjustment for PWLB early repayment discount		(32)	
0	Transfer to / (from) the Major Repairs Reserve	1	64	
2,817	**Total adjustments**			**(2,373)**
1,901	**Net Decrease / (Increase) Before Transfers To / (From) HRA Earmarked Reserves**			**(703)**
(1,000)	Transfers to / (from) HRA Earmarked Reserves			0
901	**Decrease / (Increase) in the HRA Balance for the Year**			**(703)**
(1,173)	**Housing Revenue Account Balance Carried Forward**			**(1,877)**

Notes to the Housing Revenue Account

1 HRA Capital Expenditure and Receipts

Capital expenditure during 2022/23 and 2023/24 was as follows:

Item	2022/23 £000's	2023/24 £000's
Enhancement works	1,568	3,184
Property acquisitions and new developments	884	1,904
Total capital expenditure	**2,452**	**5,088**
Funded from:		
Major repairs reserve (note 1)	(1,568)	(3,184)
Grants and capital receipts	(884)	(1,904)
Total funding sources	**(2,452)**	**(5,088)**

Note 1 - The Council is required to maintain a Major Repairs Reserve (MRR) for the funding of HRA capital expenditure. The MRR is described in Note 12.2 to the Core Financial Statements, Analysis of the Movement in Reserves Statement. Movements in the MRR during the year are reported in Note 11 to the Core Financial Statements, Reconciliation of amounts included in "Adjustments between accounting basis and funding basis under regulations."

An estimated amount of the previous carrying value of the enhancement works was derecognised in accordance with Policy Note AP16.11. This was based on the value of works with an inflation adjustment applied to reduce the value back to the estimated value at the point the original cost was incurred, as well as a further adjustment for accumulated depreciation over the period since the most recent valuation on each asset group.

Gross capital receipts from the disposal of Council dwellings and repayment of Right to Buy discounts received during 2023/24 totalled **£384k** (**£491k** in 2022/23), from which **£3k** was deducted for costs incurred. The balance of unused HRA capital receipts held as at 31 March 2024 was **£1.345m**, of which all of the **£1.345m** must be used for replacement housing purposes. Any of this portion not used within five years of the year end from the date of original receipt is repayable to Central Government.

2 Housing Assets

The Council sold 2 council properties during 2023/24 (4 in 2022/23) and acquired 9 properties in 2023/24 which includes the transfer of assets from assets under construction for previous year spends. The housing assets included in the Balance Sheet are as follows:

Dwelling type – property numbers	31/03/23	31/03/24
	Number	Number
1 bedroom	504	504
2 bedroom	355	362
3 bedroom	413	413
4 bedroom	11	11
Bedsits	203	203
Total dwellings	**1486**	**1493**
Total garages	**253**	**245**

Dwelling type – valuation	31/03/22 £000s	31/03/23 £000s
Council dwellings	147,635	150,177
Garages	757	721
Total balance sheet net book value at 31 March	**148,392**	**150,898**

Vacant possession	01/04/21 £000s	01/04/22 £000s
Vacant possession value of council dwellings at 1 April	296,601	335,192

When compared to the vacant possession value, the Balance Sheet values of HRA dwellings show the economic cost of providing council housing at less than open market rents. The Balance Sheet value shows the effect of the discounted valuation methodology, as described in Accounting Policy AP16.4, as well as depreciation charges. The value at 1 April 2022 is an estimate only as there was no formal valuation at that date in 2022/23.

3 Revaluation and Impairment Reviews of Non-Current Assets

Council houses are re-valued using the Guidance on Stock Valuation for Resource Accounting issued by the Department for Levelling Up, Housing and Communities (DLUHC), as detailed in Accounting Policy AP16.4. The Council's independent valuers, Wilks Head and Eve, carry out an annual market and impairment review at the end of each financial year, reporting on any issues arising at the Balance Sheet date of 31 March. The review performed during April 2024 providing data as at March 2024 concluded that movements in values during 2023/24 had resulted in a -0.5% to -1.0% decrease in the value of the Council's dwelling stock at March 2024, which has been disclosed in the critical assumptions note.

Council Dwelling revaluation and impairment amounts recognised in the HRA Income and Expenditure Statement are currently transferred through the Movement on the HRA Statement to the Capital Adjustment Account (CAA) to avoid having any impact on rent levels.

The HRA also receives a depreciation charge based on the value, age and condition of property calculated in accordance with proper accounting practices. Depreciation is also transferred through the Movement on the HRA Statement to the CAA, with additional adjustments through the Major Repairs Reserve.

The entries included in the Depreciation, Revaluation and Impairment of non-current (long term) assets lines on the HRA Income and Expenditure Statement are as follows:

Item	2022/23 £000s	2023/24 £000s
Dwellings and garages depreciation charge	2,107	2,139
Revaluation losses	29	5,234
Reversal of previous revaluation losses	0	0
Total	**2,136**	**7,373**

4 Housing Rent Arrears

The total value of housing rent arrears included on the Balance Sheet, less an allowance to meet possible future bad debts, is as shown in Note 14 to the Core Financial Statements, Debtors.

Collection Fund Income and Expenditure Statement

The Collection Fund Income and Expenditure statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-domestic Rates (NDR).

BUSINESS RATES 2022/23 £000s	COUNCIL TAX 2022/23 £000s	TOTAL 2022/23 £000s		Notes	BUSINESS RATES 2023/24 £000s	COUNCIL TAX 2023/24 £000s	TOTAL 2023/24 £000s
			Income				
0	(62,633)	(62,633)	Council Tax income receivable	1	0	(65,267)	(65,267)
0	0	0	Council Tax benefit transferred from the General Fund		0	0	0
(13,358)	0	(13,358)	Non-domestic rates income receivable	2	(15,447)	0	(15,447)
(13,358)	**(62,633)**	**(75,991)**	**Total Income**		**(15,447)**	**(65,267)**	**(80,714)**
			Expenditure				
			Apportionment of previous year surpluses / (deficits)				
(1,404)	0	(1,404)	Central Government		377	0	377
(1,123)	(104)	(1,227)	Castle Point Borough Council		301	93	394
(253)	(324)	(577)	Essex County Council		68	467	535
0	(49)	(49)	Essex PFCC - Policing and Community Safety		0	74	74
(28)	(18)	(46)	Essex PFCC - Fire and Rescue Authority		8	25	33
			Precepts, demands and shares				
6,382	0	6,382	Central Government		7,378	0	7,378
5,106	8,797	13,903	Castle Point Borough Council		5,902	9,083	14,985
1,149	43,688	44,837	Essex County Council		1,328	45,329	46,657
0	6,814	6,814	Essex PFCC - Policing and Community Safety		0	7,297	7,297
128	2,349	2,477	Essex PFCC - Fire and Rescue Authority		148	2,509	2,657

BUSINESS RATES 2022/23 £000s	COUNCIL TAX 2022/23 £000s	TOTAL 2022/23 £000s		Notes	BUSINESS RATES 2023/24 £000s	COUNCIL TAX 2023/24 £000s	TOTAL 2023/24 £000s
			Other charges to the Collection Fund				
74	0	74	Costs of collection		75	0	75
0	0	0	Write-offs of bad debts and appeals		0	0	0
9	108	117	Increase / (decrease) in allowance for bad and doubtful debts		517	1,105	1,622
(1,312)	0	(1,312)	Increase / (decrease) in allowance for appeals		(768)	0	(768)
8,728	**61,261**	**69,989**	**TOTAL EXPENDITURE**		**15,334**	**65,982**	**81,316**
(4,630)	(1,372)	(6,002)	(Surplus) / deficit for the year		(113)	715	602
2,959	(193)	2,766	(Surplus) / deficit brought forward		(1,669)	(1,565)	(3,234)
(1,671)	**(1,565)**	**(3,236)**	**(SURPLUS) / DEFICIT CARRIED FORWARD**		**(1,782)**	**(850)**	**(2,632)**

The (surpluses) / deficits on Council Tax and NDR on the Collection Fund are shared between Castle Point Borough Council and the other bodies as shown below and are included in the calculation and distribution of Council Tax and NDR in subsequent years.

The total amount attributable to Castle Point Borough Council is shown under Reserves on the Balance Sheet, and the amounts attributable to the other bodies are shown within current assets and liabilities and non-current liabilities on the Balance Sheet.

2022/23 £000s	2022/23 £000s	2022/23 £000s			2023/24 £000s	2023/24 £000s	2023/24 £000s
			Other charges to the Collection Fund				
74	0	74	Costs of collection		75	0	75
0	0	0	Write-offs of bad debts and appeals		0	0	0
9	108	117	Increase / (decrease) in allowance for bad and doubtful debts		517	1,105	1,622
(1,312)	0	(1,312)	Increase / (decrease) in allowance for appeals		(768)	0	(768)
8,728	**61,261**	**69,989**	**TOTAL EXPENDITURE**		**15,334**	**65,982**	**81,316**
(4,630)	(1,372)	(6,002)	(Surplus) / deficit for the year		(113)	715	602
2,959	(193)	2,766	(Surplus) / deficit brought forward		(1,669)	(1,565)	(3,234)
(1,671)	**(1,565)**	**(3,236)**	**(SURPLUS) / DEFICIT CARRIED FORWARD**		**(1,782)**	**(850)**	**(2,632)**

Notes to the Collection Fund Income and Expenditure Statement

1 Council Tax Base

The Council's tax base for 2023/24, i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings, was calculated as follows:

Band	A	B	C	D	E	F	G	H	Total
Number of dwellings after discount	1,985	4,721	11,778	7,742	4,079	1,779	723	59	32,866
Ratio to band D	6:9	7:9	8:9	9:9	11:9	13:9	15:9	18:9	
Number of band D equivalent dwellings	1,298	3,672	10,470	7,742	4,985	2,569	1,205	118	32.059
Collection rate adjustment									(801)
Council tax base for 2023/24									**31,258**

2 Income Collectable from Non-Domestic Rates (NDR)

Non-Domestic Rates are organised on a national basis. The Government specified an amount of **51.2p** in 2023/24 with a small business rate of **49.9p** in 2023/24 and, subject to the effects of transitional arrangements and any reliefs, local businesses pay rates which are calculated by multiplying the rateable value of their business properties by the multiplier.

The Council is responsible for collecting rates due from the ratepayers in its area, and retains part of the amounts collected, with the remainder distributed to Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority. The Non-Domestic rateable value as at 31st March 2023 was **£41,780K** (**£42,191K** in 2021/22) before rates reliefs and other adjustments:

National non-domestic rate multiplier at 31st March	2022/23 £000s	2023/24 £000s
Multiplier Business Rate Relief	51.2	51.2
Small Business Rate Relief	49.9	49.9

Annual Governance Statement 2023/24

1 Scope of Responsibility

1.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

1.2 In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.3 The Council has approved and adopted a Local Code of Governance, which is consistent with the principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework*, around which the details presented in section 4 are structured. A copy of this Local Code is available to download from the Council's website at https://www.castlepoint.gov.uk/local-code-of-corporate-governance

1.4 This annual governance statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare and publish an annual governance statement.

2 The Purpose of the Governance Framework

2.1 The governance framework comprises the vision, culture and values, systems and processes and structure by which the Council is organised, directed and controlled as well as its 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, cost-effective services. The framework needs to be flexible to ensure it meets the needs of the changing landscape in which local government operates.

2.2 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 for the Council delivering its priorities and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness.

2.3 The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the delivery of the Council's priorities and objectives;
- evaluate the likelihood and potential impact of those risks being realised; and
- manage them efficiently, effectively and economically.

2.4 The governance framework has been in place at the Council for the year ending 31 March 2024 and up to the date of approval of the Statement of Accounts.

3 The Council's Governance Framework

3.1 The governance framework ensures that the Council's priorities and objectives are effectively promoted and progressed through its corporate governance arrangements and business processes. The key business processes in the governance framework are as follows:

- Consultation and Engagement
- Business Planning and Strategy, including Partnerships

- Financial Planning, Reporting and Budgetary Control, including Value for Money
- Asset Management
- Risk Management
- Health and Safety
- Business Continuity
- Performance Management
- Workforce Management
- Data Quality
- Information Governance
- Procurement
- Project Management
- Complaints
- Ethical Governance, including Anti-Fraud and Corruption, and Whistleblowing

3.2 These areas form the main sources of assurance to be considered in any review of the internal control environment. In support of the review process, the Local Code of Governance sets out further details to be reviewed in each area before an opinion on the effectiveness of the system of internal control can be expressed.

3.3 The Assistant Director – Policy Performance and Customer has been given the responsibility for overseeing the implementation and monitoring of the Code, through a process which includes:

- two reports[1] over the financial year to Senior Leadership Team and to the Audit Committee which set out:
    - weaknesses identified in the governance arrangements;
    - any corrective action necessary to resolve concerns identified; and
    - progress against the actions to address key governance issues identified in the previous year's Annual Governance Statement
- an annual review of the governance framework supported by Manager Assurance Statements, completed by service managers and reviewed and certified by Assistant Directors
- a year-end review of key governance business processes with nominated officers (who lead on each of the governance processes in this framework) informing the assessments presented below in 3.8
- an annual report – this Annual Governance Statement – to Senior Leadership Team and the Audit and Governance Committee on the adequacy of governance arrangements.

3.4 The Council has in place a Good Governance Group, comprising senior managers - Assistant Directors alongside the Head of Internal Audit - responsible for the implementation and monitoring of key governance business processes. The group provides a challenge to the operation of the processes and a sense check of individual assessments in the Manager Assurance Statements of core governance processes for which they are responsible. Some of their findings and further work have been incorporated into the views expressed in this governance statement. Each business process is subject to an overall assessment by the Good Governance Group according to one of four assessments:

- High (majority or all requirements being met),
- Satisfactory (significant proportion greater than 50% of requirements are met),
- Partial (Some requirements are met but less than 50%);
- Minimal (very few requirements are met).

[1] In the 2023/24 financial year, there was one governance monitoring report to Leadership Team and to the Audit and Governance Committee in April 2024. Now that tier 3 organisational redesign has concluded (with the exception of one Assistant Director post) with governance process leads in place across all areas of this framework, twice yearly monitoring of governance arrangements will resume with reports in the Autumn 2024 and in the Spring 2025.

Summary of Key Findings

3.5 This year's Annual Governance Statement has been produced against the backdrop of the Council's transformation programme, which commenced in 2023/24, and included a restructure at tiers 2 and 3 of the organisation. This restructure has put in place a resource for both helping to identify any issues and deficiencies in key business processes, as well as providing the means to plan how to address these. Whilst this has resulted in some business processes not showing improvement from 2022/23 to 2023/24 – and in some cases there has been a downgrading of assessments – there is, overall, a greater level of assurance around the assessments made.

3.6 Not everything has yet been surfaced, but the approach is more thorough and better informed as the Council "raises the bar" on its governance framework, in response to the serious governance deficiencies identified in the audit of Senior Manager Pay and Conditions (referenced below in paragraph 4.11).

3.7 Nevertheless, and as documented across the rest of this Annual Governance Statement, good progress has already been made across a number of areas, albeit with further work to do over 2024/25 to improve the overall assessments, to be included in next year's Annual Governance Statement. The rest of the document should, therefore, be read in this context.

3.8 A summary of the key findings for each business process is set out in the table below and further detail relating to the findings is incorporated into the review of effectiveness set out in section 4:

Key Governance Business Process	**Assessment 2022/23**	**Assessment 2023/24**
Consultation and Engagement	Satisfactory	Partial
Business Planning and Strategy, including Partnerships	Partial	Partial
Financial Planning, Reporting and Budgetary Control including Value for Money	High	Satisfactory
Asset management	Partial	Partial
Risk Management	Partial	Partial
Health and Safety	Partial	Satisfactory
Business Continuity	Partial	Minimal
Performance Management	Partial	Partial
Workforce Management	Partial	Satisfactory
Data Quality	Satisfactory	Satisfactory
Information Governance	Satisfactory	Partial
Procurement	Satisfactory	Partial
Project Management	Partial	Partial
Complaints	Satisfactory	Satisfactory
Ethical Governance, inc. Anti-Fraud & Corruption and Whistleblowing	Partial	Satisfactory

3.9 The Council's key governance and business processes are also subject to audit on a risk basis. This work forms part of the evidence base in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework.

4 Review of Effectiveness

4.1 Castle Point Borough 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 Directors and Assistant Directors within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies.

4.2 The Internal Audit service also produce reports throughout the year on a range of subject areas that support provision of an opinion on the adequacy and effectiveness of the Council's risk management, control and governance framework. These reports are considered when reviewing the effectiveness of the framework, with audit findings taken into account and reflected in the assessments presented in the table above.

4.3 During the review of the operation of the framework for 2023/24, the Good Governance Group found that in several areas whilst the core business processes were in place, the application of those processes was not always consistent across the different areas of the Council's business, resulting in an assessment of Partial. This is set out in more detail for specific processes in the following sections.

4.4 This part of the report is structured around the core principles of the *CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition)* with any reference to the key governance business processes – as summarised above in section 3 – in bold text to allow for easy referencing.

<u>CIPFA Core Principle A: Behave with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</u>

4.5 An assessment of **ethical governance** has been undertaken and the arrangements have been assessed as Satisfactory.

4.6 A Councillor's Code of Conduct exists along with appropriate mechanisms, including a Standards Committee. New Members of the Council have received induction training on the code of conduct and have completed the necessary register of interests. The Code of Conduct was updated and approved by Council in November 2022. This now includes the Local Government Association (LGA) Model Code of Conduct, aligning the Council with Essex County Council and Canvey Island Town Council, both having already adopted the LGA Code.

4.7 As a condition of office, all Members are required to sign an undertaking that they will observe the Code of Conduct. There is a requirement to re-sign this undertaking when there are any major revisions to the Code as well as on election or re-election. In 2022, new Councillors received training in the importance of ethical governance and the existence of the Code as part of their induction. This was repeated for new Members elected in the May 2023 elections. The new LGA Code of Conduct was formally adopted at full Council in November 2022 and full training on the new code was rolled out to all members in June 2023.

4.8 The Constitution has been further reviewed and updated. The draft versions of the Constitution were was presented to Council in July and October 2023 and in January 2024. The final version of the Constitution was adopted by the new Council at its Annual Meeting in May 2024.

4.9 The Constitution also includes the requirement for the Council to appoint a Standards Committee which has a role that includes promoting and maintaining high standards of conduct and behaviour as well as hearing any complaints referred to it by the Monitoring Officer for breaches of the Code. The Council has appointed two Independent Persons who must be consulted before the Council makes a finding as to whether a Member has failed to comply with the Code of Conduct.

4.10 Key corporate documents relating to staff conduct are in place. In December 2023, the Council launched a new set of values and behaviours, developed by Key Change Champions and in consultation with staff. Well-attended workshops followed in the weeks following the launch to ensure that all staff had an opportunity to understand the new values and behaviour framework and to collect a booklet setting these out for easy reference. A culture and engagement survey carried out in March 2024 asked a specific question about how comfortable staff feel challenging inappropriate behaviour, with 72% responding that they were. The Code of Conduct for Staff sets out policies and expectations for staff conduct. It is published on the Intranet and a copy is issued to every new starter in their induction pack. The Council's annual appraisal template includes a record of whether any declarations of interest have been made by staff during the year and an email is sent to all staff in December reminding them of rules around gifts and hospitality. HR maintain declarations of interest on file where these are made known, including via any appraisal documentation received. Where there is a suspected case of staff misconduct, arrangements are in place to investigate such potential issues. The number of investigations into alleged staff misconduct has remained low with 3 investigations in 2023/24, the same number as in 2022/23.

4.11 An Internal Audit report into Senior Manager Pay and Conditions identified a number of deficiencies and anomalies: market supplement payments; retention payments; performance related pay; senior manager scheme for flexible retirement; and senior manager leave buy back scheme. Details of action taken are set out in an additional action plan included in this Annual Governance Statement at paragraph 4.66.

4.12 The Council ensures access to its complaints policy and whistle blowing procedures by publishing these on the Council's website. Easy access to these is important as the raising of a complaint or concern is a key part of the process, and without which an investigation cannot take place. Over 2023/24, there has been evidence of the effectiveness of whistleblowing procedures, with subsequent referrals to the fraud team for investigation.

4.13 Counter Fraud and Investigation services continue to be provided by Thurrock Council with a member of the team attending Operational Management Team (OMT), raising awareness of their work across a wider range of managers. This formal link to operational managers requires re-establishing following organisational restructure and disbanding of OMT although staff from the fraud team are regularly sitting in the Council offices alongside the teams they are supporting. A programme of work was in place during the year and progress in delivering the programme was presented quarterly to Audit Committee in September 2023, January 2024 and April 2024, with a final annual report on the 2023/24 financial year due to be presented in September 2024. The value of reported suspected fraud against the Council during 2023/24 and the value of detected fraud in the Castle Point Borough during 2023/24 will be included as part of that report.

CIPFA Core Principle B: Ensure Openness and Comprehensive Stakeholder Engagement

4.14 The Council has the core requirements for **Customer Engagement and Consultation** in place and has been assessed as Partial.

4.15 Corporate guidance requires the results of any customer engagement or consultation activities to be considered as part of the service planning process. Individual services undertake consultation on a range of areas. For example, the Housing Department undertakes routine satisfaction surveys following repairs and maintenance on Council-owned properties, as well as undertaking direct engagement through officers liaison with tenants. Leisure Services receive regular feedback from customers and use software to calculate a "Net Promoter Score" which gives an indication of how likely existing customers are to recommend the leisure centres to other people. The service also runs an annual customer survey and uses a customer retention system to ensure that any feedback is acted on.

4.16 A range of engagement activities were carried out for the Castle Point Plan over 2023/24. As well as general consultation about what people value about where they live and what they think needs improving, a specific engagement project "engagement in art" was commissioned to address gaps in consultation responses – young people, those with a disability and members of the Haredi Jewish community have been underrepresented in engagement activity to date. Business engagement recommenced in 2023/24 with a bi-weekly business newsletter which has around 500 subscribers.

4.17 Development Services consult with residents and consider responses to planning applications. Specific consultation with agents and developers took place in 2023/24 to shape the re-instatement of a pre-application service.

4.18 The Council also has in place a consultation toolkit available for services to use and this is set out in the 'How it Works' guidance, although requires some updating.

4.19 The Council ensures its services provide clear expectations for service users and members of the public through a set of service standards known as the "Customer Promise" which is published on the Council's website https://www.castlepoint.gov.uk/customer-promise. In December 2023, a short magazine entitled "Your Council is Changing" was commissioned to help ensure that residents were aware of how the Council's transformation programme would benefit them. The magazine was available to download from the website and was sent to households across the Borough. However, there is a need to investigate a more formal approach to gathering the views of the public; the Council currently uses data which is collected and reported on by Essex County Council – the Essex Residents Survey – which provides some useful (and statistically valid) insight but is not tailored to questions that Castle Point might like to ask residents.

4.20 Compliance with processes around the handling of **Complaints** has been assessed as Satisfactory. There is a complaints policy in place and complaints are managed in accordance with this policy. In April 2023, a new tool to record complaints under stage 1 and stage 2 of the complaints process was introduced. Recording of complaints in a consistent manner and sharing of learning from complaints is something which continues to require some development, although there are some good examples, including in Leisure where negative feedback received through the Net Promoter Score survey is reviewed, discussed and acted upon. The Housing service has processes in place to ensure compliance with the Housing Ombudsman Complaints Handling Code, including an annual self-assessment of complaints handling and using complaints as an opportunity to learn and improve processes. Over 2023/24, the Housing Ombudsman investigated two complaints, finding in the Council's favour in one case and against the Council in one case. The Local Government & Social Care Ombudsman received three complaints about the Council in the period 1 April 2023 to 31 March 2024, all of which were closed after initial enquiries.

4.21 Council, Cabinet and Development Management Committees are broadcast live and recorded so that members of the public can view Council business without leaving their homes. Other meetings are broadcast live if there is business on the agenda which is of high public interest. Agendas and minutes for all meetings held from 1 April 2023 to 31 January 2024, as well as for earlier years back to 2013, are available in an archive held on the Council's website. From 1 February 2024, all agendas, reports, decision lists and minutes are published through the Committee Management Information System (CMIS), allowing for easier access to specific items as the system is searchable.

CIPFA Core Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefits

4.22 The Council's Corporate Plan 2021-24 was developed jointly with Cabinet and Senior Leadership Team as well as through engagement with the Council's Scrutiny Committees and a public consultation on priorities and objectives. The Corporate Plan was formally adopted by Council in September 2021 and sets out a high-level vision for the area with four corporate priorities: Economy & Growth; People; Place; and Environment. The plan complies with a number of good-practice requirements, including defined and measurable outcomes which have been reported to Cabinet over the year in the quarterly Corporate Performance Scorecard. The current Corporate Plan expired at the end of March 2024. A new plan is being developed over the first two quarters of 2024/25 to reflect the priorities of the new political administration.

4.23 The Council works closely with partners on joint objectives and outcomes. For example, with the Castle Point & Rochford Health and Wellbeing Board and the Community Safety Partnership, both of which have membership from a range of stakeholders. The Community Safety Partnership was subject to further development over 2023/24, supported by some resource provided by a neighbouring council. Good progress has been made over the year with the Castle Point Regeneration Partnership which has been re-shaped – working closely with Essex County Council and other key partners – to become the Castle Point Place Partnership. Work continued in 2023/24 with the South East Essex Alliance, a health and wellbeing partnership across the NHS, local government and the community and voluntary sector.

4.24 The Council remains an active member of South Essex Councils (SEC - the new name for the Association of South Essex Local Authorities ASELA), a partnership of seven neighbouring councils that have come together to promote growth and prosperity in the region. Officers represent the Council across the SEC workstreams (Economy and Skills; Digital Connectivity; Transport and Infrastructure; Housing; and The Environment), with the Council's Chief Executive leading on the Environment workstream. A Memorandum of Understanding is in place for SEC, and the Council is a member of the SEC Joint Committee in accordance with S101 of the Local Government Act.

CIPFA Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

4.25 The Castle Point Plan is a key piece of work commenced in 2022/23 and continued over 2023/24. Already referenced above, much of the work on the Castle Point Plan to date has been about informal engagement to support the "Options Development" part of the plan-making process, alongside commissioning of a range of reports as evidence to support the plan as it is developed. Progress is periodically reported to Cabinet and to maintain transparency a live progress page is provided on the Council's website that residents and stakeholders can access to see what work has been undertaken and what is planned.

4.26 The Council continues to face significant financial challenges and needs to pursue actions to reduce net operational spend over the coming years and increase income substantially. Whilst the budget set in February 2024 for 2024/25 was balanced, significant financial pressures remain. The ongoing cost of living financial pressures continue to place Council budgets under significant pressure both in terms of inflation and also demand for Council services. However, the Council is expecting an underspend on the 2023/24 budget overall, caused in part by higher interest rates generating a better-than-forecast return on the Council's investments. New financial regulations, developed from May 2024, have given budget holders the ability to work more autonomously from Finance (whilst maintaining appropriate financial controls) and quarterly reporting to Cabinet now includes details of all variances of over £10k and the overall forecast for both General Fund and Housing Revenue Account budgets. Identified areas for improvement include addressing some deficiencies in the budget reports – non-inclusion of detailed transactions making up the overall balance (put in place for 2024/25) – and also vacancies in the Council's Finance team which limited their ability to challenge budget holders as robustly as desired. Newly appointed Assistant Directors will be undertaking Service Reviews in 2024/25 – see more detail in paragraph 4.29 below – one of the design principles of which is "savings opportunities maximised through efficient and effective organisation design." The Assistant Directors are expected to demonstrate in their service reviews how they could make ongoing savings of 10% by the end of year three, be it through cost reductions or increased income. Budget is available to invest in service improvements which contribute towards the savings, just as it was for the Council's transformation programme. . Finally, the Local Government external audit landscape remains challenging, with a significant number of audits outstanding across multiple years. The Council is affected by this and has still been working to have its 2020/21 accounts signed off through this year, with resolution achieved through the external auditor's report to the Audit and Governance Committee on 3 July 2024. As a result of the issues arising during the audit of 2020/21 external audit will be issuing a disclaimer opinion for that year's financial statements and for the 2021/22 and 2022/23 financial statements, after which the audit of 2023/24 will be able to commence. Having outstanding audits has created additional challenges for the Financial Services team and also delayed the production of the 2022/23 and 2023/24 accounts. Government, alongside CIPFA, the National Audit Office and the Financial Reporting Council are considering what measures can be taken to help the sector clear the backlog of audits. Therefore, **Financial Reporting, including Budgetary Management** is assessed as a Satisfactory level of compliance, so the Council has good control over its finances.

4.27 The assessment of the Council's **Project Management** arrangements remains Partial. Despite recognition of solid foundations in place, an audit report issued in February 2023 (i.e. at the end of 2022/23 financial year) summarised that of the projects looked at as part of the audit, most were good at initiation and set-up stages but then there was drop off in the use of the workbook for ongoing monitoring as projects were implemented. At around the same time, a range of templates, processes and governance structures were introduced to support the Council's Transformation programme, Transforming Together (TT). These were used to good effect over the course of the programme, with the last Programme Review Board held in February 2024. A separate audit of the TT programme included positive comments about the way that the programme was managed. As the transformation work folds into business-as-usual structures, the templates, processes and governance structures will be assimilated with those existing in the Council. Improvements in 2024/25 to include a better understanding of the full range of projects in progress across the Council, the management of these projects through to delivery, including better tracking of benefits realisation. The introduction of a new Project Support Officer role (subject to sign off on the Policy Performance and Customer service review) will ensure that the Council has sufficient resources in place to support effective project and programme management.

4.28 The approach to **Business Continuity** (BC) has been assessed as Minimal. An audit report in February 2024 raised several actions to be taken including: alignment of the Business Continuity Strategy to the needs of the Council; regular testing, exercising and business continuity awareness training; using lessons learned to develop the Council's approach to business continuity; and increased governance and oversight about business continuity across the organisation. Whilst service areas do have BC plans in place, these are not routinely tested, and many have not been recently updated. Essex County Council have undertaken the business continuity function on behalf of Castle Point. However, there have been issues relating to the continuity of this support, including several changes in personnel over the last few years, resulting in the decision taken early in 2024 to bring this service back in house – this resource, in post from June 2024, will take forward outstanding recommendations in the follow-up audit report. Work has already commenced to address some of the outstanding recommendations with the new Leadership Team being assigned clear roles (Gold and Silver Command) and taking part in an Emergency Planning Exercise in February 2024. An additional area of focus for 2024/25 is on supply chain risk and the impact that this has on business continuity (i.e. which services are at risk should a supplier withdraw from the market and what is the plan should a key supplier cease trading?).

4.29 The Council's **Business Planning and Strategy, inc Partnerships** process has been assessed as Partial. In response to delays to the completion of service plans for the 2022/23 financial year, the template for 2023/24 was revised and compliance with this business process has improved and, although there remains some inconsistency in quality, service plans for 2023/24 were in place for most service areas. For 2024/25, newly appointed Assistant Directors will be undertaking service reviews of their respective service areas – these service reviews will replace service plans for this year, falling back into an annual cycle from 2025/26 onwards, with stronger links to the new Corporate Plan. The Council's policy framework operates satisfactorily; policies and strategies continue to be refreshed by services, although updates are overdue. The framework is set out in the Policy Framework and Budget Setting report which went to Cabinet in November 2023 with a more detailed report to Cabinet and Council in February 2024. The list of policies and strategies on the Council's website has been tidied up and re-ordered, making it easier for people to locate and download key policies and strategies that the Council has in place. The Council's intranet has also been refreshed to make it easier to locate internal policies and procedures. This area of work will be subject to further development in 2024/25 using software in place in Housing to hold a definitive list of policies and strategies, with automatic reminders to owners to update as and when required.

The Partnerships element of this business process is presented in more detail in paragraph 4.33 below.

CIPFA Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

4.30 The Council uses partnerships to good effect to increase its capacity. The Council is a lead member of the Joint Castle Point and Rochford Health and Wellbeing Board and Community Safety Partnership. The Leader and representatives from Senior Leadership Team (as well as other Council officers) continued as active members of South Essex Councils (SEC), a partnership of seven neighbouring councils that have come together to promote growth and prosperity in the region. Work with the South East Essex Alliance has allowed the Council to better understand the range of work being undertaken by partners to improve the health and wellbeing of Castle Point residents, providing the opportunity for more joint working.

4.31 Working closely with Essex County Council who have committed resources, including funding and officers to the area to support the Council's ambitions across people, place and the economy, with a particular focus on Canvey Island. Working together with Essex County Council and other partners in the public and voluntary sectors, the Council has re-shaped its Regeneration Partnership into a Castle Point Place Partnership to ensure that these resources are being effectively deployed on shared projects across these priority areas, and also shared projects which deliver environmental outcomes. Over 2023/24, the Council continued to invest money awarded under the UK Shared Prosperity scheme, including: playground improvements at Thorney Bay Park; grants to community and voluntary organisations; engagement activity; social media campaign to promote local high streets; feasibility study into market provision on Canvey Island; and an advice and training service for businesses and start-ups.

4.32 The Council has been successful in obtaining grant funding to pursue projects that will result in better outcomes for local people. Recent and current examples include:

- The Government identified Canvey Island for Towns Fund funding. This will see a £20m investment into Canvey over a 10-year period and provides the foundation for attracting other sources of inward investment. The funding can be directed to regeneration and cultural projects, community safety projects and projects related to local transport improvements.
- Sport England has identified Canvey Island for investment as part of its place-based expansion which provides the opportunity to access around £2m in funding over a 3-year period for projects that improve physical activity levels and associated health and wellbeing outcomes.
- £227k from Essex County Council's Public Health Accelerator Bid (PHAB) fund towards a two-year project to transform the Borough's recreational facilities into 'Active Wellbeing Hubs', supported by two new Wellbeing Ambassadors to actively engage with residents, building relationships, and guide individuals towards personalised health and wellbeing resources and activities. The project has a target of engaging 2,500 residents over the two years.
- £1m funding from the Police, Fire and Crime Commissioner for Essex to upgrade CCTV technology across Castle Point, with monitoring by Southend-on-Sea City Council's CCTV control centre

4.33 Partnership assurance processes have been subject to further development work. A partnership strategy and framework has been developed and provided to those considering setting up new partnerships as well as advice on how to ensure that existing partnerships continue to be effective. Work has also been undertaken to map the partnerships involving the Council to support establishing clarity on ownership – this in turn will support the development of plans about how best to report on the impact of these partnerships to elected members.

4.34 The Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness. Any significant changes to the Constitution are approved by Full Council; a revised version of the Constitution developed towards the end of 2023/24 was adopted by Council in May 2024.

4.35 The information needs of elected members to effectively develop policy and make decisions is widely considered, and reports to Cabinet and Council include considerable detail where required to give a full understanding of the implications of recommendations made and decisions to be taken.

4.36 Decisions made by the Cabinet, a Member of the Cabinet, or an officer decision delegated from the Cabinet may be called-in (in accordance with the procedure for a Call-in, which is shown in the Overview and Scrutiny Procedure Rules) by the Scrutiny Committee. Decisions are usually published within 3 working days of it being made and can be called-in for consideration by the Overview and Scrutiny Committee within 5 working days of the publication by either the Chairman of the committee or by five non cabinet members.

4.37 The Constitution sets out the responsibilities for the Scrutiny Committee, and the Audit and Governance Committee. The Audit and Governance Committee's role includes an overview of the governance arrangements, and it receives monitoring reports on its effectiveness. The Audit and Governance Committee Chairman received an induction from the Head of Internal Audit. Additional training is provided to meet identified needs and every agenda to the committee includes any relevant publications to help with good practice in governance awareness.

4.38 **Workforce management** has been assessed as having a Satisfactory level of compliance. The HR policy framework requires a full refresh with work underway in 2024/25. The Council also makes use of online training platforms particularly for induction and training in health and safety arrangements. The Council continues to be signed up to *Working Well,* a programme of workplace-based wellbeing training courses offered through a service commissioned by Essex County Council. A further area for improvement is to address the lack of investment in Learning and Development (especially relating to managing people). There has also been a lack of strategy behind career development and succession planning, something which is being addressed through service reviews which are considering existing staff structures and building in a clear succession pathway into the new design. Sickness absence is comparatively low, and work is underway to proactively manage cases. It should be noted that the Council has low levels of workforce-management casework and in 2023/24 no cases progressed to an employment tribunal.

CIPFA Core Principle F: Managing risks and performance through robust internal control and strong public financial management

4.39 Core **Performance Management** arrangements are in place but overall assessed as Partial. The Council uses a database to produce performance information for all service areas, with a performance scorecard of measures linked to the priorities and objectives in the corporate plan, produced every quarter and presented to Cabinet. The service plans include performance indicators for both council-run services as well as for services provided on the Council's behalf by contractors or partners. These indicators are updated at least quarterly and are reviewed annually as part of the service planning process. However, there is some variance in the comprehensiveness of performance information and in the robustness of target setting as although this is reviewed and challenged when compiling performance indicators from service plans for the new financial year, decisions on selection of indicators and target setting ultimately rest with the service managers. There are some strong examples of high compliance with performance management processes in the leisure service and in street scene service. The service plans include performance indicators for both Council-run services as well as for services provided on the Council's behalf by contractors or partners. A Leadership Team Business Review Board was introduced in 2022/23 by the Chief Executive and covers a range of performance information including the corporate performance scorecard, health & safety and the corporate risk register. The Business Review Boards have continued in 2023/24 and for 2024/25 the Board will consist of Assistant Directors, with escalation to Senior Leadership Team. From the workforce side of performance management, the practice of regular performance reviews alongside records of annual appraisals remains patchy and inconsistent across the organisation and will be subject to further work in 2024/25. At the beginning of 2024/25, an audit of Performance Management was undertaken. Once concluded, any recommendations about data quality will be reflected in the governance monitoring report in the Autumn.

4.40 The organisation's approach to **Risk Management** has been assessed as Partial and requires further development work. Work was undertaken with Leadership Team over two workshops in the summer and autumn of 2023 to completely refresh the corporate risk register, with clear accountability assigned to each risk. This corporate register is reviewed and updated at the quarterly Business Review Board. Consistency of how risk is managed by services areas is an area for improvement. The Council is exploring the use of software (already in use in Housing) to support managing risks, with the corporate risk register moving over to this software in the new financial year, followed by service risk registers.

4.41 Compliance with Health and Safety processes has been assessed as Satisfactory. As an employer the Council continues in its aim to meet its statutory Health and Safety duties and to achieve this employs a 'competent person'. The 'competent person', who as the corporate health and safety lead maintains an overview of Council arrangements and provides analysis on current management performance. The vast majority of health and safety incidents relate to minor incidents to members of the public when using Council facilities such as leisure centres. Work to review, update and introduce health and safety policies and guidance notes is ongoing and a piece of work is planned for early 2024/25 for an external audit review of arrangements to support the Council in this area and any gaps in arrangements are filled. The Annual Governance Statement for 2022/23 identified health and safety e-learning completion rates as an area for improvement. These completion rates are reviewed at the quarterly Business Review Board and significant progress has been made during 2023/24, bringing performance to over 90%.

4.42 Overall, compliance with **Asset Management** processes is assessed as Partial. A Planned Preventative Maintenance (PPM) programme was commissioned for 2023/24 across 10 corporate assets, with works anticipated to begin in late Spring 2023. Funding provision was earmarked, and work has progressed across all ten sites with 98% of the allocated budget expended. The programme for the remaining sites is subject to review, led by the recently recruited Assistant Director for Estates and to be informed by new stock condition surveys. Statutory compliance testing is completed as required. However, due to the lack of delivery of the PPM programme across previous years, a number of the Council's assets have fallen into a state of disrepair requiring both reactive maintenance and significant investment to bring up to a minimum required standard. The Council's housing assets are generally well managed and the Council will be bringing together the way that it manages housing assets with the way that it manages corporate assets. An Asset Review Board, consisting of both officers and members, was introduced towards the end of 2023/24 to develop the approach to the strategic management of assets. Relating to this, in February 2024, a report was taken to Cabinet to approve the new Acquisition and Disposal of Council Owned Land Policy. The Council also made good progress in 2023/24 in developing plans for the use of the Council offices at Kiln Road by other organisations, work which will continue in 2024/25. To support all of the above work, additional resource has been put in place in the Asset Management team.

4.43 All IT-related assets – including infrastructure such as servers, network equipment etc. – are managed as part of the Council's contract with an external provider. IT end-user devices (laptops and desktops) are approaching end-of-life and will be subject to renewal in 2024/25, with all users to be provided with a laptop device to facilitate new ways of working for all employees.

4.44 The Council owns a small fleet of vehicles and runs a vehicle maintenance workshop to carry out ongoing checks, servicing and repairs. Fleet has been subject to increasing need for maintenance in response to breakdowns as they come to the end of their expected useful life. The Council looks to replace these vehicles with new vehicles every seven to eight years in accordance with their expected useful life but decisions have been delayed pending a decision on the future of waste collection methods in the Borough.

Role of the Chief Financial Officer

4.45 The Section 151 Chief Financial Officer (CFO) occupies a key statutory position in the Council, managing the Councils' finances and ensuring that resources are used wisely to secure positive results.

4.46 In order to support the post holder in the fulfilment of their duties and ensure that the Council has access to effective financial advice, in 2010 the Chartered Institute of Public Finance and Accounting (CIPFA) issued a Statement on the Role of the Chief Financial Officer (CFO) in Local Government, most recently updated in 2016. 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 statements are set out below

1) The CFO in a local authority is a key member of the Senior Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.

2) 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 alignment with the authority's overall financial strategy.

3) 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.

4) The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.

5) The CFO in a local authority must be professionally qualified and suitably experienced.

4.47 The Council has the necessary arrangements and procedures in place which ensure that these principles are either directly complied with or, where not directly complied with, there are alternative procedures in place so that the necessary outcomes and objectives are still achieved, and suitable controls are in place.

CIPFA Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

4.48 The processes for **Information Governance** are in place and compliance is Partial. The Assistant Director for Legal and Democratic Services, in their role as Data Protection Officer (DPO), ensures compliance with the General Data Protection Regulations (GDPR). The GDPR online annual training module was refreshed, including an update on key legal personnel and how to report or obtain assistance to improve staff understanding of GDPR. Staff are reminded to undertake this training (and refresher training) by the Council's e-learning platform. Managers are also required to follow the data security breach management procedure in the event of a data breach. The number of incidents is small with just two during 2022/23 and two in 2023/24, although there is more work to be done reviewing and learning from data breaches that have occurred in other organisations. Further to staff changes as a result of tier 2 and tier 3 restructure, the Senior Information Risk Owner (SIRO) role is currently being undertaken by the Assistant Director for Policy Performance and Customer although this needs to be formalised. Information asset registers are in place for service areas but require updating. The audit of cyber security incident management was finalised in March 2024, with a number of recommendations for implementation over the first two quarters of 2024/25. Priority recommendations relate to the rollout of multi-factor authentication (MFA) across the Council and the need to clarify key accountabilities, responsibilities, and delegations between the Council and third parties in response to a cyber incident. The Council has in place processes for managing any Freedom of Information (FOI) requests received. Performance for responding to FOIs is reported at the Business Review Board and new processes were implemented in 2023/24 to automatically send out reminders to those with FOIs that are approaching the 20 working days statutory deadline. Performance on responding to FOIs on time is at 92% as at end of March 2024.

4.49 Compliance with **Procurement** processes is assessed as Partial. An audit of procurement arrangements has recently been completed that identified a number of areas for improvement to arrangements. Recommendations made will be implemented during 2024/25. The Council has a procurement toolkit in place, strategy and associated governance processes which have been subject to an annual review, although some of these require a more thorough refresh, particularly to reflect the Procurement Act 2023 coming into force later this year. The Council is a member of the Essex Procurement Partnership (EPP) with officers using the expertise provided to undertake procurement exercises from developing invitations to tender through to contract award, for a range of services and to quantify savings from procurements compared to budgeted costs. Access to this expertise has helped the Council to robustly defend challenges received about some contract awards. However, there are a number of areas for improvement that have been identified. The lack of planning on some procurements has resulted in the need for exemptions to be applied and some procurement could benefit from a more fundamental options appraisal (i.e. a full commissioning approach of which procurement may only be one option, rather than defaulting to automatically re-tendering for the same service). Furthermore, the Council's contract register is not fully up to date and a recently completed audit of Contract Management also identified some examples of good practice, but that arrangements were in need of review and consistent application across the range of contracts managed by the Council. To support these improvements, a Procurement Manger has been appointed and started in post July 2024.

4.50 Compliance with requirements around **Data Quality** is assessed as Satisfactory. Guidance on the importance of data quality requirements was set out in the 'How it Works' document and communicated to all managers. Systems are designed in some areas to ensure data quality requirements are considered, for example, the operation of a detailed performance management framework in housing, and systems in place across revenues and benefits. Although there is no evidence of poor data quality having an impact on a team's ability to manage performance or make decisions, there is a risk of variations in the implementation of the approach as there are different systems in place for different services, with some operating under a nationally set framework and others operating local frameworks. To provide further assurance in this area, a reminder about the importance of data quality, together with a short presentation on the topic, is sent out annually to managers. At the beginning of 2024/25, an audit of Performance Management was undertaken, part of which looked at what checks take place on performance data that is reported. Once concluded, any recommendations about data quality will be reflected in the governance monitoring report in the Autumn.

Internal Audit

4.51 The annual risk-based audit plan was prepared in consultation with Heads of Service, Leadership Team and the Audit Committee. The audit plan has been progressed, with reports issued to senior managers at the conclusion of each audit highlighting any internal control weaknesses identified and the actions required to address them. Recommendations were also reviewed to ensure they were implemented properly, by the due date. A performance report was taken to the Audit Committee at each of its meetings. The Head of Internal Audit annual report and opinion was also considered by the Audit and Governance Committee and included an assessment of compliance with relevant professional standards. The Head of Internal Audit's annual opinion for 2023/24 states:

4.52 "The Council continued to operate risk management, control and governance arrangements, despite the challenges posed by the external environment that it operates within, particularly in respect of the wider economic situation, with the impact of inflation, including the cost of energy, creating additional financial pressures for the Council, residents, the supply chain, and other stakeholders.

4.53 Significant changes that have occurred to the operations of the Council are becoming embedded, including many staff working remotely and the changes implemented to enable that remote working. These changes enabled the Council to deliver what was required in response to the pandemic, and similar focus now needs to be applied to the transformation programme that the Council is delivering, so that the Council can address the medium-term budget gap that has arisen and bring the Council back into a financially sustainable position.

4.54 The Council has a Corporate Plan that provides the link between the aspirations of the community and individual services. Service plans are produced annually to ensure the future allocation of resources is based on the Council's key priorities. Service plans demonstrate how each service will be delivered and inform the Council's Medium-Term Financial Forecast. The current Corporate Plan expires during 2024, and work is underway to produce an updated Corporate Plan for 2025 to 2028.

4.55 The transformation programme is aimed at addressing the challenges that the Council is facing, to transform the Council into a modern, financially sustainable organisation focused on delivering the priorities of the Council and residents. A significant amount of transformation programme work has been completed during 2023/24, particularly the restructure of tiers 2 and 3 of management, that sets the foundations to move forward in 2024/25 and beyond. During 2024/25 Assistant Directors will be completing Service Reviews that will need to be a fundamental examination of current services delivered, how and whether those services will be delivered in the future and how much resource that will require.

4.56 The success of the transformation programme will be critical for the Council to transform the culture and the way that the Council operates, so that the Council shifts to a culture, a focus, a structure, and with ways of working that are most appropriate, effective and financially sustainable, to deliver the priority outcomes in the changed circumstances that the Council is now operating within.

4.57 Management needs to continue to monitor both the actual and potential impact of these pressures, the progress against delivery of the transformation programme to drive change, as well as delivery of the Corporate Plan. Management and Members need to be ready to adjust, if necessary, as the situation continues to evolve and the understanding of the impact on future needs and priorities becomes clearer.

4.58 The work of the Good Governance Group and results of the audits completed continue to confirm that:

- corporate business management processes remain generally well designed and, in some areas, work is underway to update or strengthen them further
- there is inconsistency in terms of application, across some services that still needs to be addressed.

4.59 With regards to the assurance provided by audit work undertaken, the results of the work indicate that for the design of the Council's risk management arrangements satisfactory assurance can be provided – although the Risk Management Policy Statement and Strategy is 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 that sit 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 application 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 elements of the governance framework is being undertaken, as reflected in the Annual Governance Statement and the accompanying action plan.

4.60 Therefore, the remainder of this report should be read within this context.

4.61 No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement."

4.62 Internal Audit is subject to a formal, independent review of its compliance with professional standards every five years.

Audit and Governance Committee

4.63 The Audit and Governance Committee consists of a chairman and eight other members. The committee's role is to provide independent assurance to Council on the adequacy of the risk management framework and associated internal control environment and the integrity of the financial reporting and governance processes.

External Audit

4.64 External Audit is undertaken by EY (the business name of Ernst & Young Global Limited) and their work includes:

- providing an opinion on the financial statements, including whether they provide a true and fair view of the financial position at the end of the year and the expenditure and income for the year, and that they have been properly prepared in accordance with relevant legislation and applicable accounting standards;

- reviewing and providing a conclusion of the arrangements in place to secure value for money.

4.65 Where the auditor identifies weaknesses in the Council's arrangements or significant deficiencies in internal controls, these are highlighted in the final report to the Audit and Governance Committee.

4.66 As noted above the significant number of external audits outstanding across the sector, and multiple years, is also impacting the Council which is still working towards completion of the audit for the 2020/21 Statement of Accounts, following the resolution of issues arising from internal audit work on Senior Management Pay and Conditions, as referenced in previous Annual Governance Statements. This has resulted in external audit providing a 'disclaimer' opinion for 2020/21, and they will provide a similar opinion for 2021/22 and 2022/23, after which the audit of 2023/24 will be able to commence. This Annual Governance Statement, that forms part of the Council's Statement of Accounts for 2023/24, will be finalised through the completion of the audit for 2023/24.

External Inspections

In December 2023, the Council invited the Local Government Association (LGA) to undertake a Corporate Health Check in preparation for a more comprehensive Corporate Peer Challenge in 2024/25. The Health Check involved a review of a position statement and other supporting documents in advance of a one-day site visit, during which interviews and workshops were undertaken with a range of members and officers. In summary, the health check concluded that "It is clear to the peer team that significant progress has been made and that plans are in place to address future challenges. There are some risks ahead with the report into Senior Manager Pay and Conditions and planning performance, that could derail this positive progress and the LGA will continue to support and work alongside Castle Point Borough Council to support its improvement through the LGA's Principal Adviser." The health check made a number of recommendations, included in the table below. Good progress has been made against these recommendations and the LGA will be undertaking a Corporate Peer Challenge in September 2024.

Recommendation number	Details
1	To create internal reporting/meeting arrangements to give effect to a strong Executive Team of political leadership and senior officer leadership
2	To consider, as part of those internal reporting/meeting arrangements, how best to engage Assistant Directors and leading politicians in constructive dialogue and debate
3	To develop a new vision for the Borough with a clear delivery plan behind it – not to spend too much time developing documents but rather put energy in the codesign of a compelling and longer-term place-based narrative and a clear and concise "community plan" that brings together these strategies into a single document that can be owned by councillors and staff and communicated to residents.

Recommendation number	Details
4	To ensure that interims undertake an effective transition out of the organisation and provide the information and tools to enable the council to be self-sustaining.
5	To hold an "awayday" with new officer leadership and Cabinet in early 2024

Progress against Recommendations Identified in last year's Annual Governance Statement

4.67 The table below sets out the actions identified and an assessment of progress. Progress on implementation of these actions has been reported to Audit and Governance Committee as part of the governance monitoring report.

	Issue	Action 2022/23	Date of implement-tation	Responsible officer	Update on progress
1.	Improve the organisation's understanding of the effectiveness of partnership working.	Develop and introduce reporting of key partnerships to members and senior managers. Review of grants to external bodies.	Q3 2023/24 Q2 2023/24	Assistant Director for Policy, Performance & Customer *Note: Corporate responsibility for partnerships to sit with Assistant Director for Housing, Health & Communities once appointed and in post*	There has been limited progress in this area over 2023/24 due to organisational change. Nevertheless, a partnership strategy and framework has been developed and provided to those considering setting up new partnerships as well as advice on how to ensure that existing partnerships continue to be effective. Work has also been undertaken to map the partnerships involving the Council to support establishing clarity on ownership – this will support the development of plans about how best to report on the impact of these partnerships to elected members. The review of grants to external bodies links with the above. Better reporting to elected members on the work and impact that these grants facilitate will enable a more informed discussion about such grants – this action will roll forward to 2024/25.
2.	Employee element of performance management - appraisal process value and compliance. Link to wider work around workforce development.	Review the appraisal process to ensure it brings value to individual performance management and compliance is in place for all services.	Q3 2023/24	Assistant Director for People & Engagement	The Council's policy and procedure relating to Performance Management requires a full review. It needs to be underpinned by the Council's values and behaviours and applied consistently across the entire organisation. This work will be undertaken as a priority now the new AD is in post.

	Issue	Action 2022/23	Date of implement-tation	Responsible officer	Update on progress
		Develop the approach to workforce development.			Significant progress has been made in the workforce development stream with the Council's values and behaviours established and a continued programme of work is in place for workforce development.
3.	Improve the organisation's understanding and application of good risk management.	Re-engage across directorates to support development of directorate level risk registers, building on the service-level risk registers, which will support a refresh of the Corporate Risk Register.	Q2 2023/24	Head of Internal Audit	Work was undertaken with Leadership Team over two workshops in the summer and autumn of 2023 to completely refresh the corporate risk register . This new risk register is updated as and when risks change and reviewed at the Leadership Team's quarterly business review meeting. The Council is exploring the use of software (already in use in Housing) to support managing risks, with the corporate risk register moving over to this software for the new financial year.
4.	Address any issues raised as part of the audit of business continuity.	Re-engage across directorates to support development of directorate level risk registers, building on the service-level risk registers, which will support a refresh of the Corporate Risk Register.	As per audit report	Assistant Director for Finance & Procurement	A follow-up audit of BC arrangements issued in February 2024 concluded partial assurance. has been undertaken but is in the process of being finalised. The report raised a number of actions to be taken including: alignment of the Business Continuity Strategy to the needs of the Council; regular testing, exercising and business continuity awareness programmes; using lessons learned to develop the Council's approach to business continuity; and increased governance and oversight about business continuity across the organisation.

	Issue	Action 2022/23	Date of implement-tation	Responsible officer	Update on progress
5.	Improve the organisation's approach to reporting and escalation arrangements for projects to ensure sufficient scrutiny and oversight of delivery.	Implement the recommendations in the follow up audit of project management arrangements.	Q3 2023/24	Assistant Director for Policy, Performance & Customer	The main outstanding area of work on project management relates to the conclusion of an audit report issued in February 2023 which summarised that of the projects looked at as part of the audit, most were good at initiation and setup stages but then there was drop off in the use of the workbook for ongoing monitoring as projects were implemented. As the transformation programme work is handed over the organisation to fold into business-as-usual structures, the templates, processes and governance structures used will be assimilated with those existing in the Council. In addition, the service reviews being undertaken across each of the new Assistant Director areas of the business will ensure that the Council has sufficient resource in place to support effective project and programme management.
6.	Address any issues raised as part of the audit of cyber security.	Implement the audit recommendations.	Q4 2023/24	Assistant Director for Policy, Performance & Customer	The audit of cyber security incident management was finalised in March 2024, with a number of recommendations for implementation over the first two quarters of 2024/25. Priority recommendations relate to the rollout of multi-factor authentication (MFA) across the Council and the need to clarify key accountabilities, responsibilities, and delegations between the Council and third parties in response to a cyber incident.

	Issue	Action 2022/23	Date of implement-tation	Responsible officer	Update on progress
7.	Strategic approach to asset management.	Further develop a strategic approach to asset management (buildings and land) which takes a view across the assets managed by individual service areas to ensure that these are collectively put to best use to support the Council to deliver its aims and objectives.	From Q3 2023/24	Assistant Director for Estates	This is a piece of work to be led by the Asset Review Board over 2024/25. Relating to this, in February 2024, a report was taken to Cabinet to approve the new Acquisition and Disposal of Council Owned Land Policy.
8.	Compliance with Health & Safety e-learning requirements.	Continue to monitor e-learning completion rates at Business Review Board External review of arrangements to support the Council in this area	Over 2023/24 From Q4 2023/24	Assistant Director for People & Engagement	Further to a review of outstanding H&S training courses and presentation to Leadership Team at the quarterly business review in July 2023, completion rates has increased from 70% to 92% as reported at the same meeting in January 2024. Work is ongoing with an experienced external Health and Safety company, who currently work with the Council's Leisure service, to provide a comprehensive audit of the whole Council. This work would identify areas of good practice and any gaps which the Council can then work to resolve. It is planned that this work will commence in early 2024/25 now the new AD is in post.

Action Plan included in the Addendum to the 2020/21 Annual Governance Statement accompanying the Statement of Accounts from the same financial year

4.66 The following action plan is taken from the Addendum to the 2020/21 Annual Governance Statement. This Addendum reflects the findings from an internal audit into Senior Manager Pay and Conditions and subsequent action taken by the Council (i.e. the table below). As many of the actions in the action plan that was included in the Addendum took place over the 2023/24 financial year, this action plan is also included in this 2023/24 Annual Governance Statement for transparency and clarity.

	Issue	Action 2023/24	Date of implementation	Responsible officer
1.	A lack of an open, fair and transparent approach to recruitment to ensure the best suited individuals are recruited into senior roles, and the setting of salaries of these individuals	The Council's transformation programme has implemented a new establishment structure at Tiers 2 and 3 of the organisation. Appointments to roles have been made through advertisement and a robust interview process utilising external advisers, member panels and skills tests. Roles have been job evaluated by the East of England LGA. Across the rest of the workforce job evaluation is being undertaken with all roles (current and new) evaluated in line with the LGA's Single Status Agreement. All new roles are advertised and appointed following an objective interview process. Progress of the job evaluation project is reported to the Staff Appointments and Review Panel. Appointments to Chief Officer posts are made by Full Council.	September 2024	Assistant Director People & Engagement
2.	The payment of market supplements and retentions without clear rationale or supporting evidence to substantiate the payments initially or on an ongoing basis	The Council's Market Supplement Policy was rewritten and agreed by the Trade Unions (Unison and GMB) and formally reported to the Staff Appointments and Review Panel on 5 July 2023. Where market supplements are paid to staff the process set out in the policy is followed and reviewed annually by HR in line with that policy with all supporting evidence and sign offs provided.	December 2022	Assistant Director People & Engagement
3.	Performance payments made to individuals without clear setting of objectives, or evidence of assessment to demonstrate performance	The scheme which had existed was brought to an end on 31 October 2023. The Council does not now have any such payments.	November 2023	Head of Paid Service

	Issue	Action 2023/24	Date of implementation	Responsible officer
	has been satisfactory and thus payments are due			
4.	Unequal and preferential treatment of senior managers via their pay and conditions compared to other staff within the organisation, including for the granting of flexible retirement and associated schemes	The scheme which had existed was brought to an end on 31 March 2023. The Council does not now have any such payments.	April 2023	Head of Paid Service
5.	Inappropriate authorisation of payments made by officers and deliberate attempts to conceal the actions being taken in some cases	The Council's Constitution and Financial Regulations have been updated and adopted by Full Council on 22 May 2024 The process of review of the Constitution was overseen by the Council's Scrutiny Committee. This new constitution sets out the delegations for officers and for members. Training is being provided to officers and members. The refreshed Audit & Governance Committee and the Overview & Scrutiny Committee are receiving specialist external training for members and Independent Persons are being recruited to participate in meetings to assist members in their scrutiny function.	September 2024	Assistant Director Finance & Procurement (s151 Officer) Assistant Director Legal & Democratic Services (Monitoring Officer)
6.	Senior managers using their position within the organisation to change and develop policies that they will benefit from without following appropriate processes.	The restructuring of the senior management team has enabled new transparency in terms of clear, defined roles and responsibilities with "dotted line" accountabilities incorporated as well as hierarchical line management. The s151 Officer and the Monitoring Officer are part of management meetings at Tier 2 and Tier 3 to ensure corporate visibility and meet regularly with the Head of Paid Service as a "Golden Triangle" to review issues and risks.	September 2023	Head of Paid Service

Key Governance Issues

4.68 The following are the key governance issues that have been identified.

	Issue	Action 2024/25	Date of implement-tation	Responsible officer
1.	Need for a more formal approach to gathering the views of the Castle Point public. *Governance process: Consultation and Engagement*	Investigate options for undertaking an annual satisfaction and perceptions survey	Decision on approach by end Q2 2024/25	Assistant Director for People & Engagement
2.	Need for a refreshed and aligned strategic framework to support longer-term planning. *Governance process: Business Planning and Strategy, inc. Partnerships*	Develop and adopt a new Corporate and Community Plan Develop approach to service planning which aligns with the new Corporate and Community Plan	End Q3 2024/25 End Q3 2024/25	Strategic Leadership team Assistant Director for Policy, Performance & Customer
3.	Strategic approach to asset management. *Governance process: Asset Management*	Further develop a strategic approach to asset management (buildings and land) which takes a view across the assets managed by individual service areas to ensure that these are collectively put to best use to support the Council to deliver its aims and objectives.	High level plan in place by end Q3 2024/25	Assistant Director for Estates
4.	Improve and expand the application of good risk management across the organisation. *Governance process: Risk Management*	Migrate corporate risk register into IT system to support management of risk. Development of service risk registers and move into IT system.	Corporate risk register held in IT system by end Q2 2024/25 Service risk registers complete by end Q2 2024/25 (into IT system by end Q3 2024/25)	Assistant Director for Policy, Performance & Customer All ADs

	Issue	Action 2024/25	Date of implement-tation	Responsible officer
5.	More consistent and robust approach to managing performance. *Governance process: Performance Management*	Migrate corporate performance scorecard into IT system. Develop performance dashboards for service areas.	End Q2 2024/25 Over year to end Q4 2024/25	Assistant Director for Policy, Performance & Customer
6.	Clarity on Information Governance key role and addressing cyber security risks. *Governance process: Information Governance*	Clarify where the SIRO sits in the new organisation structure. Implement cyber security incident management audit recommendations.	End Q2 2024/25	Assistant Director for Legal & Democratic Services Assistant Director for Policy, Performance & Customer
7.	Ensure transparency over contracts is in place and develop mechanisms to support planning of new procurement of good and services. *Governance process: Procurement*	Update contract register to ensure it is up-to-date and accurate. Update procurement guidance to reflect the requirements of the Procurement Act 2022 and include guidance on commissioning.	End Q2 2024/25 End Q3 2024/25	All contract managers Assistant Director for Finance & Procurement
8.	Good practice of programme and project management seen through Transforming Together (TT) moved across to business as usual *Governance process: Project Management*	Assimilate TT documentation with Council project management framework and guidance. Put in place a Project Management Officer to support the business to plan and track implementation of projects.	End Q2 2024/25 End Q3 2024/25	Assistant Director for Policy, Performance & Customer
9.	Need for a clear approach to workforce management, including the policy framework and appraisal process *Governance process: Workforce Management*	HR policy refresh and renewal. Develop and implement new approach to appraisals	Over the year to end Q4 2024/25	Assistant Director for People & Engagement

5 Conclusion

5.1 This statement has been considered by the governance group of officers as well as Senior Leadership Team and is considered an accurate reflection of the Council's governance arrangements. 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.

Councillor Dave Blackwell
Leader of the Council
July 2024

Ms. Angela Hutchings
Chief Executive
July 2024

Glossary of Terms

Accounting Period

The period of time covered by the accounts. For the Council, this is a period of 12 months from 1 April in one year until 31 March in the following year. The end of the accounting period is the date of the Balance Sheet.

Accruals concept

Income and expenditure are recognised when they are earned or incurred, not when money is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surplus and deficits that arise because either events have not coincided with previous actuarial assumptions, or where actuarial assumptions have changed.

Adjustment Account

Statutory adjustment accounts which are used for the differences between the accounting cost of providing services in accordance with generally accepted accounting practices, and the amount to be funded from taxation for the General Fund and housing rents for the Housing Revenue Account. Examples include the Capital Adjustment Account and the Revaluation Reserve. These accounts form part of Unusable Reserves as reported on both the Balance Sheet and the Movement in Reserves Statement.

Assets

Resources controlled by the Council as a result of past events, and from which future economic benefits or service potential are expected to flow to the Council. See also Intangible Assets and Tangible Assets.

Balance Sheet

One of the primary statements. The Balance Sheet is a statement of all the assets, liabilities, reserves and other balances held by the Council to show the overall net worth of the Council at a certain point in time. It brings together details of the individual funds maintained by the Council as at the end of the relevant accounting period. Please also refer to the detailed description on pages 8 or 24.

Capital Adjustment Account

A statutory unusable reserve included on the Balance Sheet, which represents the balance of capital resources set aside to finance capital expenditure, and certain other capital financing transactions, including the reversal of some entries posted to the Movement in Reserves Statement.

Capital Charges

Charges made to service department revenue accounts to reflect the cost of non-current assets used during the period. This primarily relates to depreciation charges.

Capital Expenditure

Expenditure on the acquisition of a new non-current asset, such as a piece of land or a building, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset, for example by prolonging its useful life.

Capital Financing Requirement

The value of the capital expenditure incurred historically by the Council that has yet to be financed. Please also refer to the detailed description on page 66.

Capital Receipt

The proceeds from the sale of a non-current asset. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be used to finance capital expenditure.

Carrying Amount

The principal amount plus accrued interest at the Balance Sheet date.

Cash Flow Statement

One of the primary statements. The statement shows how the Council has generated and used cash and cash equivalents during the period, classified into operating, investing and financing cash flow activities. Please refer to the detailed description on pages 8 or 26.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy is the professional body responsible for determining local government financial regulations. CIPFA issues annually the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Code of Practice on Local Authority Accounting in the United Kingdom

A document issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which sets out the proper accounting practices for Local Government to adhere to in the preparation of their annual Statement of Accounts.

Comprehensive Income and Expenditure Statement (CI&ES)

One of the primary statements. This statement brings together income and expenditure relating to all of the Council's functions. It demonstrates how the costs have been financed from government grants and income from local taxpayers. Please also refer to the detailed description on pages 7 or 20.

Collection Fund Income and Expenditure Account

One of the supplementary statements. All receipts of Council Tax and National Non-Domestic Rates are paid into this account. The Council uses this money to pay the precepts due to Essex County Council, Essex PFCC - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety, and also the Council Tax demand by the Council's General Fund, which finances the Council's day to day expenditure. Please refer to the detailed description on pages 9 or 95.

Contingent Asset

A possible asset that arises from past events but will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control.

Contingent Liability

This is either:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one of more uncertain future events, not wholly within the Council's control, or
- A present obligation that arises from past events but which is not recognised because either it is not probable that a transfer of economic benefits will occur, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core (CDC)

CDC is reported within Central and Corporate Services on the Comprehensive Income and Expenditure Statement and incorporates the following sub-divisions:

- Democratic Representation and Management costs – includes all aspects of Members' activities including corporate, programme and service policy-making, general governance and representing local interests.
- Corporate Management costs – concerns those activities which provide the infrastructure which allows services to be provided, whether by the Council or not, and the information required for public accountability.

Creditor

Amounts owed by the Council for goods, services or works received by the Council, for which payment had not been made by the Council at the Balance Sheet date.

Current Asset

An asset held which will be used or received within the next financial year.

Current Liability

An amount which could or will become payable within the next financial year.

Debtor

Amounts owed to the Council for goods, services or works provided by the Council, for which payment had not been received by the Council at the Balance Sheet date.

Derecognition of non-current assets

Derecognition is when an amount that has been included as part of a non-current asset is removed from the asset value recorded on the Balance Sheet. This is either:

- On disposal, or
- When no further economic benefits are expected from that asset or part of asset.

When an asset has enhancement work performed on it to replace or restore all or part of it, an adjustment is applied to remove the estimated amount already recorded in the asset value of that part replaced or restored.

Depreciation

The measure of the loss in value of an asset during the period due to age, wear and tear, deterioration or obsolescence. This charge is spread over the useful life of the asset.

Earmarked Reserve

Amounts set aside for specific future commitments or potential liabilities.

Expenditure

The gross outflow of economic benefits or service potential during the accounting period, which result in a decrease in reserves, either through the consumption of assets or an increase in liabilities.

Expenditure and Funding Analysis (EFA)

A note to the accounts which shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated between the Council's directorates.

Fair Value

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

General Fund

This is the main Income and Expenditure account which summarises the cost of all services (except those related to Council Housing) provided by the Council.

Government Grants

Grants made by the Government to support council services and used for capital or revenue expenditure. They may be for specific schemes or to support Council services in general.

Gross Book Value

The Gross Book Value is the original price paid for an asset, adjusted for subsequent revaluations, acquisitions, enhancements and disposals, prior to deductions for depreciation.

Heritage Asset

Non-current (long-term) assets which have historical, artistic, scientific, technological, geophysical or environmental qualities, are held and maintained principally for their contribution to knowledge and culture and are intended to be preserved in trust for future generations due to their cultural, environmental or historical associations.

Housing Revenue Account (HRA) Income and Expenditure Statement

One of the supplementary statements. The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision, specifically the management and maintenance of the Council's housing stock. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income. Please also refer to the detailed description on pages 9 or 91.

Impairment

A reduction in the value of a non-current asset caused by an event occurring to the asset or to the economic environment in which it operates. This reduces the Gross Book Value of the asset recorded on the Balance Sheet.

Income

The gross inflow of economic benefits or service potential during the accounting period, which result in an increase in reserves, either through an enhancement of assets or a decrease in liabilities.

Intangible Assets

Non-current (long-term) assets that do not have a physical substance but are identifiable and are controlled by an entity through custody or legal rights. This includes software licences.

Investment Properties

Non-current (long-term) assets which are held by the Council to earn rental income from, or for capital appreciation, rather than for use in providing services.

Leases

These can be either:

- Finance lease – a lease that transfers the substantial risks and rewards of ownership of a non-current asset to the lessee and so the asset is shown on the balance sheet of the lessee not the lessor.
- Operating lease – a lease other than a finance lease. This is a method whereby a Council can use an asset, but not own it. The asset is therefore not classified as capital expenditure and is not shown on the balance sheet of the lessee.

Liabilities

Present obligations of the Council arising from past events, which are expected to be settled through an outflow of resources from the Council, in the form of future economic benefits or service potential.

Materiality concept

The premise that the financial statements often cannot be precisely accurate but this need not distract from their ability to be fairly stated. Within certain limits a tolerance is permitted in measurement and disclosure of financial statement items and the concept of materiality determines the degree of this tolerance.

Minimum Revenue Provision (MRP)

This is the minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

Movement in Reserves Statement (MIRS)

One of the primary statements. The MIRS summarises the change in the financial year across all the reserves and balances held by the Council. Please refer to the detailed description on pages 8 or 23.

Movement on the Housing Revenue Account (HRA) Statement

One of the supplementary statements. This shows how the HRA Income and Expenditure Statement surplus or deficit for the year is adjusted and reconciled to reach the closing HRA balance for the year.

National Non-Domestic Rates (NDR)

A rate in the pound set by central government multiplied by the value of non-domestic properties to calculate the gross amount of rates due from businesses in the borough. The Council is responsible for collecting rates due from the ratepayers in its area and retains part of the amounts collected, with the remainder distributed to Central Government, Essex County Council and Essex PFCC - Fire and Rescue Authority. Commonly also referred to as Business Rates.

Net Book Value

The Net Book Value of an asset is equivalent to its Gross book value, less the deduction of cumulative depreciation charges. Net Book Value is also often referred to as depreciated cost. Asset values recorded on the Balance Sheet are at Net Book Value.

Net Cost of Services

The total cost of providing services after deducting any specific grants or other income.

Net debt

The Council's total borrowings and obligations less cash and investments held by the Council.

Non-Current (Long Term) Assets

Assets that yield benefit to the Council and the service it provides for a period of more than one year. These are split into Tangible Assets and Intangible Assets – please see those definitions.

Non-Distributed Costs (NDC)

NDC is reported within Central and Corporate Services on the Comprehensive Income and Expenditure Statement. It relates to overheads for which no service receives any benefit, for example, pension costs arising from discretionary added years' service and costs relating to unused assets, and is not therefore apportioned to services.

Other Comprehensive Income and Expenditure

The increase or decrease in the net worth of the Council as a result of movements in the fair value of its assets, as reported on both the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

Precept

The levy made on billing authorities, such as Castle Point Borough Council, by precepting authorities, such as Essex County Council, Essex PFCC - Fire and Rescue Authority and Essex PFCC - Policing and Community Safety. These levies require the billing authority to collect income from Council Taxpayers and NDR payers on behalf of the precepting authorities.

Principal amount

The original amount of a debt or investment on which interest is calculated.

Prudential Code

This sets out the regulatory system of capital finance and capital controls for local authorities. This gives authorities the freedom to determine how much of their capital investment they can afford to fund by borrowing, and seeks to ensure that an authority's capital investment plans are affordable, prudent and sustainable. As part of this, local authorities are required to set and report on certain Prudential Indicators.

Public Works Loan Board (PWLB)

A central government agency which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the government itself can borrow.

Reserves

The accumulation of surpluses of income over expenditure from previous years, or capital appreciation. They are not allocated to specific liabilities in the way that provisions are although earmarked reserves are allocated for specific purposes. See also Usable Reserves and Unusable Reserves.

Revaluation

A revaluation of non-current assets is a technique used to adjust for the true value of certain classes of non-current assets owned by the Council. The purpose of a revaluation is to bring into the accounts the fair market value of non-current assets.

Revaluation Reserve

A statutory unusable reserve included on the Balance Sheet, which represents increases in value arising from revaluations of non-current assets. Impairment to an asset will reduce any previous increase in value for that asset recorded in this reserve. Other statutory adjustments are also posted to this reserve on disposal of assets, and also for depreciation.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure normally categorised as capital expenditure which does not result in or remain matched with a non-current asset and which may be properly deferred. An example is expenditure on improvement grants.

Substance over Form

This concept requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.

(Surplus) / Deficit on the provision of services

The increase (surplus) or decrease (deficit) in the net worth of the Council as a result of incurring expenses and generating income, as reported on both the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

Tangible Assets

Non-Current (long-term) assets which have physical substance. Examples include land, buildings and vehicles.

Unusable Reserves

Reserves which are not available to fund future expenditure and liabilities, as reported on both the Balance Sheet and the Movement in Reserves Statement. These reserves represent unrealised gains and losses, such as on the revaluation of non-current assets, as well as an estimate of the liability arising on the pension fund.

Usable Reserves

Revenue and Capital resources available to fund future expenditure and liabilities, as reported on both the Balance Sheet and the Movement in Reserves Statement. These reserves represent the accumulation of previous years' surpluses of revenue income above revenue expenditure, and also other sources of income, such as from the sale of non-current assets.

Useful Life

The period over which benefits will be derived from the use of a non-current asset.

Value Added Tax (VAT)

VAT is an indirect tax levied on most business transactions, and on many goods and some services.

There are two elements to VAT:

- Input tax - tax paid by the Council on purchases it makes; and
- Output tax - tax received by the Council on sales it makes.

VAT must be passed on to HM Revenue and Customs (HMRC), when output tax exceeds input tax, or reclaimed from HMRC when input tax exceeds output tax.

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